

OFFICIAL STATEMENT

NEW MONEY

RATINGS: Moody's – Aaa
S&P – AAA

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; the Bonds are "qualified tax-exempt obligations within the meaning Section 265(b) of the Code; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B – "Opinion of Bond Counsel and Tax Status" herein)

TOWN OF AVON CONNECTICUT \$3,275,000 General Obligation Bonds, Issue of 2020 BANK QUALIFIED, BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: As shown below

MATURITY SCHEDULE									
Due 6/15	Amount	Coupon (%)	Yield (%)	CUSIP ¹	Due 6/15e	Amount	Coupon (%)	Yield (%)	CUSIP ¹
2021	\$220,000	4.00	0.16	054033 QT5	2029	\$220,000	4.00	0.80	054033 RB3
2022	220,000	4.00	0.20	054033 QU2	2030	220,000	4.00	0.92	054033 RC1
2023	220,000	4.00	0.23	054033 QV0	2031*	215,000	4.00	1.04	054033 RD9
2024	220,000	4.00	0.30	054033 QW8	2032*	215,000	3.00	1.34	054033 RE7
2025	220,000	4.00	0.40	054033 QX6	2033*	215,000	3.00	1.44	054033 RF4
2026	220,000	4.00	0.54	054033 QY4	2034*	215,000	2.00	1.88	054033 RG2
2027	220,000	4.00	0.65	054033 QZ1	2035	215,000	2.00	2.00	054033 RH0
2028	220,000	4.00	0.73	054033 RA5					

*

Priced assuming redemption on June 15, 2030; however, any such redemption is at the option of the Town. See "Optional Redemption" herein.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The Bonds will be general obligations of the Town of Avon, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due (See "Security and Remedies" herein.)

Interest on the Bonds will be payable on the fifteenth day of December, 2020 and semiannually thereafter on the fifteenth day of June and December in each year until maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof.

The Bonds ARE subject to optional redemption prior to maturity (see "Optional Redemption" herein).

The Bonds will be certified by U.S. Bank National Association Corporate Trust, 225 Asylum Street, 23rd Floor, Goodwin Square, Hartford, CT 06103 which will also act as Registrar, Paying Agent, and Transfer Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York, or its agents, on or about June 16, 2020.

Fidelity Capital Markets

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Dated: June 2, 2020

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Notice of Sale			
Bond Issue Summary			
I. Bond Information		V. Financial Administration	
Introduction	1	Financial Reporting.....	28
Considerations for Bond Holders	1	Fiscal Year	28
Description of the Bonds	3	Measurement Focus and Basis of Accounting	28
Optional Redemption	3	Budget Procedure.....	28
Security and Remedies	4	Connecticut Governor's Executive Orders Impacting	
Qualification for Financial Institutions	5	Municipal Budget Adoption Procedure for Fiscal	
Availability of Continuing Disclosure	5	Year 2020 - 2021	29
Book-Entry-Only Transfer System	5	Audit	29
DTC Practices	7	Investment Policies	29
Replacement Bonds	7	Pensions	30
Authorization.....	7	Post Retirement Medical Benefits (OPEB)	35
Sources and Uses of Bond Proceeds.....	7	Fund Balance Policy	40
Ratings	8	General Fund Balance Sheet	41
II. The Issuer		General Fund Revenues and Expenditures.....	42
Description of the Municipality.....	9	Municipal General Budget Expenditures Cap.....	42
Form of Government	10	Capital Improvement Program	43
Principal Municipal Officials	10	VI. Debt Summary	
Municipal Services	10	Principal Amount of Indebtedness	46
Economy.....	15	Long-Term Debt	46
Employee Relations and Collective Bargaining	16	Short-Term Debt	46
Municipal Employee Bargaining Units	16	Other Long-Term Commitments.....	46
Educational Services	17	Annual Bonded Debt Maturity Schedule	47
School Facilities	17	Overlapping/Underlying Debt.....	47
School Enrollment	17	Debt Statement	48
III. Economic and Demographic Information		Current Debt Ratios	48
Population and Density	19	Bond Authorization Procedures	48
Age Distribution of the Population	19	Emergency Appropriations	48
Income Distribution	19	Maturities.....	48
Income Levels	20	Temporary Financing	49
Educational Attainment	20	Debt and Lease Policies	49
Major Employers.....	20	Limitation of Indebtedness.....	49
Employment By Industry	21	Statement of Statutory Debt Limitation	50
Employment Data	21	Authorized But Unissued Debt	50
Age Distribution of Housing	22	Principal Amount of Outstanding Debt.....	50
Housing Inventory	22	Ratios of Direct Overall Long Term Debt to	
Owner-Occupied Housing Values	22	Valuation, Population, and Income	51
Building Permits	23	Ratios of Annual Long Term Debt Service	
Land Use Summary	23	Expenditures to Total General Fund Expenditures	51
IV. Tax Base Data		VII. Legal and Other Litigation	
Assessments	24	Litigation	52
Levy	25	Documents Furnished at Delivery.....	52
Motor Vehicle Property Tax Cap.....	25	Concluding Statement	53
COVID-19 Outbreak – Municipal Tax		Appendices	
Relief Program.....	25	A. Basic Financial Statements	
Comparative Assessed Valuations	26	B. Opinion of Bond Counsel and Tax Status	
Tax Exempt Property.....	26	C. Form of Continuing Disclosure Agreement	
Property Tax Levies and Collections.....	27		
Property Taxes Receivable	27		
Ten Largest Taxpayers.....	27		

No dealer, broker, salesman, or other person has been authorized by the Town to give any information or to make any representations other than those contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

NOTICE OF SALE
\$3,275,000
Town of Avon, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® will be received by the Town of Avon, Connecticut until **11:30 A.M. Eastern Time on TUESDAY,**

JUNE 2, 2020

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$3,275,000 General Obligation Bonds, Issue of 2020
Payable annually on June 15 as follows:

\$220,000 in 2021 through 2030

\$215,000 in 2031 through 2035

The Bonds will be dated June 16, 2020, with interest payable on December 15, 2020 and thereafter semiannually on each June 15th and December 15th.

The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of May and November.

Optional Redemption. Bonds maturing on or before June 15, 2030 are not subject to redemption prior to maturity. Bonds maturing on June 15, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after June 15, 2030, at any time either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price or prices (expressed as a percentage of the principal amount to be redeemed) plus accrued and unpaid interest to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 15, 2030 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 16, 2020, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Bonds, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or

indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

3. a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. "Sale Date" means the date that the Bonds are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Municipal Advisor. The Town of Avon has retained DIXWORKS LLC, 241 Avon Mountain Road, Avon, Connecticut 06001-3942 (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Avon has prepared a preliminary Official Statement for the Bond issue which is dated May 19, 2020. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's

obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about June 16, 2020 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Dennis Dix, Jr., DIXWORKS LLC, 241 Avon Mountain Road, Avon, Connecticut 06001-3942 (telephone: (860) 676-0609) or from Ms. Margaret Colligan, Director of Finance, Town of Avon, Town Hall, 60 West Main Street, Avon, Connecticut 06001 (telephone: (860) 409-4344).

BRANDON L. ROBERTSON,
Town Manager

JAMES R. MCCARTHY,
Treasurer

May 19, 2020

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF AVON, CONNECTICUT
\$3,275,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter (“Underwriter Short Name”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 2, 2020.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means the Town of Avon, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that

the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF AVON, CONNECTICUT
\$3,275,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) "Issuer" means the Town of Avon, Connecticut.

(b) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachment:

**SCHEDULE A
SALE PRICES**

BOND ISSUE SUMMARY

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	Town of Avon, Connecticut (the "Town")
Issue:	\$3,275,000 General Obligation Bonds, Issue of 2020 (the "Bonds")
Sale Date/Time:	Tuesday, June 2, 2020; 11:30 AM (Eastern Time)
Dated Date:	June 16, 2020
Interest Due:	First on December 15, 2020 and then each June 15 and December 15 until maturity.
Principal Due:	Serially June 15, 2021 through June 15, 2035
Purpose and Authority:	See "Authorization" and "Use of Bond Proceeds" herein.
Redemption:	The Bonds <u>ARE</u> subject to redemption prior to maturity. See "Optional Redemption" herein.
Security:	The Bonds will be general obligations of the Town of Avon, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town has applied to Moody's Investors Service, Inc. and S&P Global Ratings for a rating on the Bonds. Moody's Investors Service, Inc. has rated the Town's currently outstanding bonds as "Aaa". S&P Global Ratings has rated Town's currently outstanding bonds as "AAA".
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See Appendix B, "Opinion of Bond Counsel and Tax Status" herein.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.
Bank Qualification:	The Bonds <u>shall</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, CT 06103.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about June 16, 2020. Delivery of the Bonds will be made against payment in Federal funds.
Bond Counsel:	Day Pitney LLP, 242 Trumbull Street, Hartford, Connecticut 06103 will serve as Bond Counsel. Contact: Douglas W. Gillette, Esq. Phone: (860) 275-0186. Fax: (860) 881-2453. Email: dwgillette@daypitney.com.
Issuer Official:	Questions concerning this Official Statement should be directed to: Ms. Margaret Colligan, Finance Director, Town of Avon Town Hall, 60 West Main Street, Avon, CT 06001. Telephone: (860) 409-4344. Fax: (860) 677-2847. Email: pcolligan@avonct.gov
Municipal Advisor:	DIXWORKS LLC, 241 Avon Mountain Road, Avon, CT 06001-3942. Contact: Dennis Dix, Jr., Principal. Phone: (860) 676-0609. Fax: (860) 676-1649. Email: dixworks@comcast.net.

I. BOND INFORMATION

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Avon, Connecticut, (the "Town") in connection with the original sale of \$3,275,000 General Obligation Bonds, Issue of 2020 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated May 19, 2020 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding. Electronic bids only for the purchase of the Bonds will be accepted and must be submitted through the facilities of PARITY® until 11:30 A.M. (Eastern Time) on Tuesday, June 2, 2020.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. The information in this Official Statement has been prepared by the Town's Municipal Advisor, DIXWORKS LLC, Avon, Connecticut (the "Municipal Advisor"), from information supplied by Town officials and other sources as indicated. The Municipal Advisor does not assume responsibility for the sufficiency, accuracy, or completeness of the statements made herein and makes no representation that it has independently verified the same. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. DIXWORKS LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, or of underwriting, trading, or distributing municipal or other public securities. The Town and the Municipal Advisor have entered into a financial advisory agreement to conform to Municipal Securities Rulemaking Board (MSRB) Rule G-23.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy, adequacy, or completeness of the statements made in this Official Statement (other than matters expressly set forth in Appendix B herein), and it makes no representations that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

"Basic Financial Statements" set forth in Appendix A hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Consideration for Bondholders

In making an investment decision with respect to Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following factor.

The COVID-19 Outbreak

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The U.S. Centers for Disease Control and Prevention (CDC) has warned that some areas in the United States are experiencing community

spread of COVID-19 and that widespread transmission of COVID-19 in the United States is likely to continue. To slow the spread of COVID-19 in the U.S., the U.S. government has imposed bans on travel from various countries, including China and many countries in Europe, and recommended social distancing measures. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

There can be no assurances that the ongoing impact of COVID-19 will not materially affect State, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town. As the situation evolves, states, municipalities, businesses and people appear to have altered behaviors in manners that are having negative effects on global and local economies. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19.

State and Local Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, the Connecticut Governor declared a state of emergency throughout the State of Connecticut as a result of the COVID-19 outbreak. State agencies have been directed to use all resources necessary to prepare for and respond to the outbreak. To date, the Governor has cancelled all public-school classes for all students until May 20, 2020, unless extended beyond that date, restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ and required closure of all non-essential businesses and not-for-profit entities. Additionally, by executive order, the Governor has instituted a 60-day residential rent moratorium and extended the date for adoptions of municipal budgets which fell on or before May 15, 2020 by up to 30 days.

On April 1, 2020, the Connecticut Governor issued Executive Order No. 7S, which, among other things, calls for Connecticut municipalities, including the Town of Avon, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90- day Deferment Program or a 90-day Low Interest Rate Program. Both programs are applicable to amounts payable or delinquent during the period from March 10, 2020 to and including July 1, 2020 and apply to taxes on real property, personal property or motor vehicles, and water, sewer and electric rates, charges and assessments. The Deferment Program provides for a 90 day deferment from the time the amount becomes due and payable. However, financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. The Low Interest Rate Program provides for a three percent (3%) cap on the interest rate due on the principal amount of delinquent payments. The low interest period runs for 90 days from the date the payment is due and payable. With respect to payments delinquent on or prior to March 10, 2020, interest shall be capped at three percent (3%) for 90 days from April 1, 2020. Following the 90 day period, the interest rate may return to that previously established. Executive Order No. 7S requires municipalities to select and implement one or both of the tax relief programs, and to notify the Secretary of the Office of Policy and Management no later than April 25, 2020, in which program or programs it is electing to participate.

The Avon Town Council at a meeting held April 21, 2020 elected to participate in both the 90- day Deferment Program and the 90-day Low Interest Rate Program. Additionally, the Town Council elected to not require residential homeowners to demonstrate loss or hardship as a result of COVID-19 to participate the Deferment Program. However, any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee shall only be eligible for either program if said landlord provides documentation to the Town that the parcel has or will suffer a significant income decline on account of impact by COVID-19, or that commensurate forbearance was offered to his/her/its tenants or lessees. Finally, financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program. Under the 90-day Deferment Program as implemented by the Town Council, the last date to pay without interest penalty the sewer use program payments due April 1, 2020 will be July 1, 2020 (original deadline was May 1, 2020), and the last day to pay without interest penalty the real estate, motor vehicle and personal property taxes due July 1, 2020 will be October 1, 2020 (original deadline was August 3, 2020).

On April 10, 2020, the Governor issued Executive Order 7X ("Order 7X") requiring landlords to grant 60-day rent extensions to residential tenants for April (automatically) and May (by request due to loss of income). Landlords can satisfy the commensurate forbearance and income decline requirements for tax and other relief under Order 7S for

residential properties simply by complying with Order 7X, and for the Deferment Program by confirming they will do so in an e-mail to the tax collector.

While the potential long-term impact on the Town cannot be predicted at this time, the continued spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town's finances. On March 17, 2020, the Town declared a local state of emergency, remaining in effect until revocation of the State of Connecticut public health and civil preparedness emergencies declared by Governor Ned Lamont. This step allows the Town Manager to exercise emergency powers as needed to help the community and better positioned the Town to access emergency federal aid. The Town has closed Town Hall to the public except by appointment and will operate Town offices with limited staff performing essential services. The Town Library and Town schools have been closed to the public and the Town is conducting essential council and commission meetings remotely. While a potential risk, the Town does not anticipate the outbreak to have a materially adverse effect on the Town for Fiscal Year 2020. Currently, the Town's finances and financial plans remain stable; as of March 31, 2020, 99% of total revenues have been collected (includes the collection of 100% of budgeted property taxes). The single largest receivable was approximately \$300,909 for the last installment from the State of the Educational Cost Sharing grant which is due on April 30, 2020. The Town cannot reasonably predict at this time the impact of deferments and/or low interest rates called for by Executive Order No. 7S. The Town currently estimates that the revenue reduction that would occur if real estate, motor vehicle and personal property taxes payments due July 1, 2020 were reduced to real estate property tax escrow payments would be approximately \$21,974,187. Assuming the receipt of the balance of the real estate, motor vehicle and personal property taxes payments by the October 1, 2020 extended payment deadline, the Town has adequate available, unencumbered General Fund balance sufficient to meet the interim cash flow need.

Government Response to COVID-19's Impact on the Economy

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On March 28, 2020, President Trump approved the Connecticut Governor's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures. The extent to which COVID-19 impacts the Town's operations and its financial condition will depend on future developments, which are uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

Description of the Bonds

The Bonds will be dated as of the date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on December 15, 2020 and semiannually thereafter on June 15 and December 15 in each year until the date of maturity. Interest is payable to the registered owners as of the close of business on the last day of May and November in each year or the preceding business day if such last day is not a business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. A book-entry-only system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of

The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to the rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein.

Optional Redemption

The Bonds maturing on or before June 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on June 15, 2031, and thereafter are subject to redemption prior to maturity at the option of the Town, on or after

June 15, 2030, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

	Redemption Price
June 15, 2030 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar, or the Paying Agent.

Security and Remedies

The Bonds will be general obligations of the Town of Avon, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed Grand List of the Town. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter

such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and to issue bonds, notes, or other obligations.

Qualification for Financial Institutions

The Bonds **SHALL** be designated qualified tax-exempt obligations by the Issuer under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for certain interest expense incurred to carry the Bonds.

Availability of Continuing Disclosure

The Town of Avon prepares, in accordance with State law, annual independently audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, various municipal credit rating agencies ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement") to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has entered into prior Continuing Disclosure Agreements for the benefit of holders of its debt obligations to provide annual financial information and material event notices pursuant to SEC Rule 15c2-12(b)(5). In the past five years, the Town has not failed to meet any of its undertakings under such agreements, except as described below.

While the Town's Consolidated Annual Financial Report ("CAFR") for the fiscal year ending June 30, 2019 had been finalized and was available, the Town on January 7, 2020 inadvertently filed its CAFR for the fiscal year ending June 30, 2018 in lieu thereof on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access dataport ("EMMA"). On April 28, 2020 the Town made a corrective filing on EMMA of its CAFR for the fiscal year ending June 30, 2019. On April 29, 2020 the Town filed on EMMA a notice regarding its failure to file the CAFR for the fiscal year ending June 30, 2019 in a timely manner.

Book-Entry-Only Transfer System

The information contained in the following paragraphs of this subsection "Book-Entry-Only Transfer System" has been provided by The Depository Trust Company, New York, New York ("DTC"). The Town makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds

and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST ON THE BONDS; (3) ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, OR BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BOND HOLDER; (5) THE SELECTION BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

DTC Practices

The Town can make no assurances that DTC, DTC Direct Participants, Indirect Participants, or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC Participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry-only system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered bond certificates directly to the Beneficial Owners of the Bonds or their nominees. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds

Authorization

The Bonds are being issued pursuant to Section 7-370c of the General Statutes of Connecticut, as amended, and a bond resolution adopted by Town-wide referendum held on December 12, 2018 authorizing the issuance and sale of bonds of the Town. See "Use of Bond Proceeds".

Use of Bond Proceeds

<u>Project</u>	<u>Authorized</u>	<u>Bonds (This Issue)</u>
Turf Fields	\$2,995,000	\$2,995,000
Emergency Radios	<u>3,890,000</u>	<u>280,000</u>
	\$6,885,000	\$3,275,000

Turf Fields

A referendum held on December 12, 2018 appropriated \$2,995,000 for costs related to the various improvements to athletic facilities located at Avon High School, contemplated to include installation of a synthetic turf multi-purpose athletic field, an eight-lane track, and associated site improvements; and (b) issue bonds or notes and temporary notes in an amount not to exceed \$2,995,000 to finance the appropriation. The Town anticipates applying not in excess of \$50,000 of the appropriation to reimburse the Turf Field Project capital projects account for preliminary expenditures on the project.

Emergency Communications

A referendum held on December 12, 2018 appropriated \$3,890,000 for costs related to the replacement of the communication system serving the Town's Police Department, Volunteer Fire Department, Emergency Management operations, Department of Public Works and Board of Education, contemplated to include replacement of the Town's existing conventional analog public safety radio system with a 700 MHz radio system meeting the Project 25 (P25) standard including the acquisition and installation of dispatch consoles and user devices, the installation of a new radio tower and related improvements to the existing Huckleberry Hill tower location on Kingswood Drive, site improvements to the existing tower sites on Deercliff Road and Ridgewood Road, and related work and improvements; and (b) issue bonds or notes and temporary notes in an amount not to exceed \$3,890,000 to finance the appropriation.

Ratings

The Town has applied for a rating on the Bonds from Moody's Investors Service, Inc. ("Moody's") and S&P Global Services ("S&P"). Moody's rates the Town's outstanding bonds "Aaa" and S&P rates the Town's outstanding bonds "AAA". Such ratings reflect only the view of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, NY 1007; S&P Global Ratings, 225 Franklin Street, 15th Floor, Boston, MA 02110. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town may have furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds.

II. THE ISSUER



Description of the Municipality

The Town of Avon, named for the Avon River in England, covers 22.6 square miles (14,454 acres) in central Connecticut along the Farmington River and was incorporated in 1830 from the Town of Farmington. The Town was originally settled around 1645 and before incorporation was known as Northington, the North Parish, or North District (often abbreviated as No. D. to later become Nod). During the early 1800's, Avon was a bustling inland port along the Towpath Canal which provided recreational and commercial barge services from New Haven to Albany. Lying ten miles west of the City of Hartford, the Town ranks forty-sixth in terms of the 2017 Equalized Net Taxable Grand List (\$3,693,549,949) as prepared by the State of Connecticut Office of Policy and Management. The 2018 American Community Survey Census reflects Avon's median family income of \$163,146 and per capita income of \$72,594. Contiguous to the Towns of Canton and Simsbury to the north, Bloomfield and West Hartford to the east, Farmington to the south and Burlington to the west, Avon is primarily a suburban residential community. The Town's population growth has continued over the last three decades (11,201 in the 1980 Census; 13,937 in the 1990 Census; 15,832 in the 2000 census, 18,098 in the 2010 census, and 18,338 per the 2018 American Community Survey Census. Residents are predominately executive, professional, technical, and managerial people employed in the finance and insurance industries located in the Greater Hartford area. Residents claim ancestry predominantly Irish (19.8%). Italian (16.7%), English (12.7%), German (12.4%) and Polish (8.7%).

Most homes in Avon are single-family homes with a median of 7.4 rooms selling anywhere from \$300,000 to over \$1,000,000. Condominiums are generally valued between \$150,000 and \$500,000. Roughly 7,957 acres of land have been developed for residential purposes resulting in 5,638 single family and 1,992 multifamily dwellings. Approximately 590 acres of land have been developed for commercial and industrial uses. At present, there are approximately 850 businesses located in Avon. The Town's two business parks still have remaining undeveloped land which can support about 400,000 square feet of additional office and industrial space and 150,000 thousand square feet of retail space. Avon is served by Connecticut Routes 10, 44 (Albany Turnpike), 167, 177, and 202 (16 miles of state roads) that provide thoroughfare access to the 110 miles of Town roads and 23.3 miles of private roads. Interstate 84, a major east-west limited access highway, lies six miles to the south. Numerous public and private passenger and freight common carriers serve the Town. Bradley International Airport is a half-hour drive to the north. Passenger and freight rail service is available in Hartford ten miles to the east.

Form of Government

Avon is governed by a charter first adopted in 1959 (amended 1962, 1969, 1975, 1981, and 1998) under the Home Rule provisions of the Connecticut General Statutes. Under the present charter, the Town Manager serves at the pleasure of the Council and acts as the Chief Executive. The five-member Council serves as the Legislative body. The Board of Finance, in conjunction with the Town Manager, the Finance Director, and the appointed part-time Treasurer, are responsible for finances. A referendum must approve the budget under the latest charter change. Local elections are held every odd-numbered year in November. There are three voting districts and all elected officials serve at-large. The Council assumes office January 1, elects its Chairman, and appoints members of various Town boards, commissions, and committees. The Town Manager appoints line department heads. The Board of Education appoints the Superintendent of Schools who is responsible for administering the Town's educational system.

Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Current Term</u>	<u>Length of Service</u>	<u>Principal Employment Last Five Years</u>
Chairman, Town Council	Heather Maguire	Elected	1/1/20 - 12/31/21	7 years	Retired
Chairman, Board of Finance	Thomas F. Harrison	Elected	1/1/20 - 12/31/23	26 years	Attorney - Retired
Town Treasurer	James R. McCarthy	Appointed	1/1/20 - 12/31/21	23 years	Financial Consultant
Town Manager	Brandon L. Robertson	Appointed	Indefinite	10 years	Town Manager, Avon
Assessor	Harry R. DerAsadourian	Appointed	Indefinite	34 years	Assessor, Avon
Collector of Revenue	Deborah Fioretti	Appointed	Indefinite	22 years	Tax Collector, Avon
Dir. of Planning and Comm. Dev.	Hiram Peck	Appointed	Indefinite	4 years	Town Planner, Simsbury
Director of Finance	Margaret Colligan	Appointed	Indefinite	38 years	Director of Finance, Avon
Superintendent of Schools	Bridget H. Carnemolla, Ph.D.	Appointed	Indefinite	2 year	Superintendent, Watertown (CT) School System
Director of Fiscal Affairs, Board of Education	Heather Michaud	Appointed	Indefinite	7 years	Manager of Accounting and Systems, Avon

Source: Town Clerk's Office, Town of Avon

Municipal Services

Police

The Avon Police Department is committed to positive community relations and adheres to the community oriented policing philosophy. The Avon Police Department has an authorized full-time force of thirty-five sworn officers. The organization is a para-military structure consisting of a Director of Police Services, two Lieutenants, eight Sergeants (one vacancy), three Detectives, eighteen Patrol Officers, one School Resource Officer, and one Community Relations Officer. The Police Department has six full-time and six part-time civilian dispatchers, one administrative secretary, one records/communications manager, one records aide, one part-time IT manager, and one part-time accreditation manager.

The Department is equipped with marked and unmarked police vehicles, and all patrol vehicles are equipped with Mobile Data Terminals (MDTs) and Automatic External Defibrillators (AEDs). All officers are certified Emergency Medical Responders and are the Town's first responders. The department participates with the North Central Region to share resources for Accident Reconstruction, Emergency Services Teams, Hostage Negotiation, Drone Pilots, and Traffic Enforcement. The department has several officers certified through the International Police Mountain Bike Association (IPMBA) and often has officers patrolling trails and parks on bikes. Those bikes are equipped with AEDs.

The Avon Police Department has been nationally accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) since 1993. The Department is among roughly 500 agencies nationwide to have earned this distinction. In order to maintain this status, the Department is required to meet 484 internationally recognized professional standards of excellence. The Avon Police Department was re-accredited for the ninth time in March of 2020 and is one of only 23 municipal police departments in Connecticut that currently hold that designation.

Fire Department

The Avon Volunteer Fire Department, incorporated in 1943, is a non-profit, state-chartered corporation established to provide fire and emergency services to the Town. Staffed entirely by volunteers, the AVFD has over 200 members: 66 Firefighters, 4 Fire Police, 23 Administrative Members, 21 Explorers, 12 Active Veterans, 9 Retired Veterans, 22 Senior Veterans, 32 Lifetime Members, and 14 Honorary Members – all of whom play a vital role in the safety of Avon. Membership is open to anyone who is eighteen years or older and is a Town resident or who works in Town. A member must serve twenty years (or ten years and be at least fifty years old) as an active firefighter, administrative member, fire police, or any combination thereof, to be eligible to become a veteran member.

The Department operates six companies out of four fire-stations located strategically throughout Town. The stations collectively house 20 pieces of apparatus, including a ladder truck, tanker, rescue vehicle, amphibious utility vehicle, boats, and pumps. The Department is actively recruiting and developing retention programs in order to maintain an all-volunteer fire department.

Public Works

The Town of Avon Public Works Department, in conjunction with the Town Engineer, is responsible for planning, design, construction, and maintenance of Town-owned roadways, drains, buildings, grounds, equipment, and services. The Town employs twenty individuals in a comprehensive public works program covering over approximately 110 miles of road, 85 miles of storm sewer, more than 5,000 catch basins, 139,000 square feet of buildings, 1,162 acres of park and athletic fields, and 175 pieces of various types of motorized equipment. A conscious effort is made to train and utilize personnel in areas where there is a direct cost benefit in relationship to the job performed by the Town in comparison to using alternative service delivery methods. Alternative service delivery methods are used extensively where there is a proven cost savings. The Town currently contracts with private vendors for all or part of the following activities: paving, snow removal, line painting of streets, catch basin cleaning, street sweeping, landscaping and grounds maintenance, building maintenance, and certain equipment maintenance. Avon's Landfill Recycling Center is also under the direction of public works (See "Solid Waste").

Sewers

The Town of Avon is served by a combination of individual septic disposal systems and public sewers. The Town has no treatment facility of its own, but instead contracts with the neighboring towns of Canton, Farmington and Simsbury for treatment of sewage effluent. Approximately 52% of the Town's dwelling units are served by public sewers; 2,434 in the Farmington Sewer Shed, 1,864 in the Simsbury Sewer Shed and 126 in the Canton Sewer Shed. The contractual capacity of the Farmington Sewer Shed is 600,000 gallons per day, of which 85% is currently utilized. The contractual capacity of the Simsbury Sewer Shed is 980,000 gallons per day, of which 55% is currently utilized. The contractual capacity of the Canton Sewer Shed is 50,000 gallons per day, of which 48% is currently used. The Canton, Farmington and Simsbury Treatment Plants are licensed by the State of Connecticut.

The Town of Farmington completed an upgrade and expansion of the Farmington Water Pollution Control Plant in 1996. Avon's share of the project was \$989,926 in principal payments and \$198,616.60 (2%) in interest payments to be amortized over twenty (20) years. The nineteenth payment of \$66,030.05 was paid in fiscal year 2013/2014. The last payment of \$66,030.05 was made in July 2015. Farmington is constructing a \$66 million treatment plant upgrade which started in March of 2016 and is nearing completion. Avon's share has yet to be determined.

The Town of Simsbury completed the upgrade and expansion of the Simsbury Water Pollution Control plant in fiscal year 2007/2008. The final cost for the upgrade and expansion was \$26,840,083.00. The amount was reduced by Federal and State grants to \$21,037,216.20. The Town of Avon is responsible for 23.2% of the 2% loan provided by the State of Connecticut. \$24,460.67 will be paid monthly through September 30, 2027.

The Town maintains approximately 91.4 miles of gravity and pressure sanitary sewer lines with four pumping stations. Capital improvements to the systems are generally paid for by those that benefit from new sewers through special benefit assessments. Maintenance of the system and treatment of effluent is also paid for by users through the sewer use fee. The current annual sewer use fee is \$515/equivalent dwelling unit as of July 1, 2019. Commercial accounts are charged based upon the amount of water consumed by the facility. Residential accounts are charged a flat fee of one equivalent dwelling unit per living unit. The AWPAC is revising the sewer use fee for residential accounts beginning in calendar year 2020 beginning with a change from a single annual bill to a semi-annual bill. In 2021, the residential sewer fee is expected to have a water usage-based component.

In addition to sanitary sewers, the Town also maintains approximately 85 miles of storm sewers.

Utilities

Electric: Power is delivered by Eversource (formerly Connecticut Light and Power Company), a subsidiary of Northeast Utilities. Separately the Town contracts with TransCanada Power Marketing to supply power to most municipal locations in Town. Those locations not served by TransCanada are supplied by Eversource.

Natural Gas: Natural gas is supplied by the Connecticut Natural Gas Company (Yankee Gas) and Hess Corporation, bid through a consortium managed by the Capitol Region Council of Governments (CRCOG).

Water: Avon Water Company

On July 1, 2017, the Avon Water Company (AWC) was acquired by Connecticut Water Service, Inc., a publicly traded company (NASDAQ: CTWS) which will operate AWC as a subsidiary. The transaction was completed through a stock-for-stock exchange where AWC shareholders received CTWS common stock valued at approximately \$27.9 million, in a tax-free exchange, and a cash payment of \$6.1 million for a total payment to shareholders of \$34.0 million. The transaction reflects a total enterprise value of approximately \$40.1 million, with the \$34.0 million paid to shareholders and the assumption by CTWS of approximately \$6.1 million of debt of AWC. In October of 2019, CTWS, and its subsidiaries including CWC and AWC, were acquired by the San Jose Water Group.

Ten wells provide the Avon Water Company with a safe yield of 4,100 gallons per minute. The Company also maintains an emergency connection to the Metropolitan District Commission ("MDC") raw water line running from the Barkhamsted Reservoir to the West Hartford MDC treatment facility.

The 95mile distribution system is interconnected, divided into three pressure areas and serves 4633 customers in Avon. The Company's total storage capacity is 2,780,000 gallons. Fire protection is provided through 666 fire hydrants. The Company maintains 7 booster pump stations in the Hunters Run, Northgate, Country Club Road, Highgate, West Hills Drive, Knoll Lane, and Brian Lane areas. Construction of the Fisher Meadows Well occurred in 2004. The current equipment installed is able to pump the approved rate of 2,083 GPM. Completion of this facility increases the water available to Avon customers by approximately 60%.

In 2011, the Company initiated an Infrastructure Replacement Program, which has improved fire protection and reduced potential leakage. To date, the Company has replaced 36,492 linear feet of water main.

Connecticut Water Company

The Unionville Water Company was purchased by the Connecticut Water Company in October, 2002, and operates as a wholly owned subsidiary of Connecticut Water Company. In 2006, the Unionville Water Company's corporation was formally merged with Connecticut Water Company, and became the Unionville Division of the Connecticut Water Company. The Town of Avon is served by the Connecticut Water Company's Collinsville and Unionville Divisions.

Connecticut Water Company – Collinsville Division

The Collinsville Division of the Connecticut Water Company has a total of 386 customers in Avon. Water is supplied by Metropolitan District Commission's Nepaug Reservoir through the Collinsville Water Treatment Plant on Torrington Avenue and by an interconnection with Avon Water Company on Northington Drive that provides peak supply to Collinsville as well as fire protection back to Avon Water Company. They have three storage tanks with a combined capacity of 1.4 million gallons.

Fire protection is provided to the Town of Avon through 62 hydrants and 9.5 miles of water main.

Connecticut Water Company – Unionville Division

The Unionville Division of the Connecticut Water Company has a total of 674 customers in Avon. The system has 7 wells with a total safe yield of approximately 3,000,000 gallons per day (MGD), and an interconnection with the Metropolitan District Commission system with an available peak capacity of 2.14 MGD. Power outage-initiated generators are on standby at six of the wells. Three storage facilities provide combined full capacity of 3.2 million gallons. The Anvil Drive tank in Avon has a capacity of 1.3 million gallons.

Fire protection is provided to the Town of Avon through 95 fire hydrants and 13.3 miles of water main.

Emergency Medical Assistance

The Avon Police Department serves as first responders in medical emergencies. Officers are trained in advanced first aid. Paramedic service is provided by the University of Connecticut Medical Center and American Medical Response (AMR). Connecticut patient transport services are provided on a contractual basis through AMR.

Health Department

The Farmington Valley Health District is the local health department that provides public health services to Avon residents. This work includes promoting health programs and policies that support good health; preventing disease outbreaks and conditions that give rise to poor health; and protecting residents from health threats and public health emergencies. Avon's Town Manager and a citizen of the Town are active members of the District Board of Health.

Department of Planning and Community Development

Avon's development is defined and directed under comprehensive zoning, subdivision and wetlands regulations formulated and administered by the Planning and Zoning Commission, Inland Wetland Commission, and the Zoning Board of Appeals. Assisting these commissions is a full-time certified Director of Planning who heads the Department. The Division of Building Inspection includes one full-time and two part-time licensed building officials.

In December, 2016, Avon's Planning and Zoning Commission, in conjunction with the Planning and other departments, adopted a comprehensive Plan of Conservation and Development. This document establishes goals for both growth and conservation policies for the next 10 year planning period and may be viewed at: <https://www.avonct.gov/planning-community-development/pages/2016-plan-of-conservation-and-development-effective-december-1>. (Ctrl-click)

Solid Waste

Service Contract - Solid Waste Disposal

The Town has executed a Municipal Service Contract (the "Service Contract") with the Materials Innovations Recycling Authority (the "Authority"), Connecticut's quasi-public organization responsible for the development and operation of systems and facilities that turn municipal solid waste into useful materials, for the disposal of solid waste through the Connecticut Solid Waste System (the "System"). The Service Contract became effective on 11/1/2012 and remains in effect until 10/31/2027.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. The town retains the responsibility for the collection, disposal, and treatment of solid waste which does not meet the requirements or which the Authority refuses or is unable to accept under the Service Contract.

The Authority is required to calculate and impose Service Payments (as defined in the Service Contract) for all solid waste accepted by the System such that the aggregate of all such Service Payments received by the Authority shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Service Payments shall be at a long and short tiered rate per ton for municipalities. The Authority is required to submit bills to the Town on or before the fifteenth day following the end of a billing period, and the Town is required to pay Service Payments within 30 days of the date of invoice. The long-term tier I rate that the Town pays is currently at \$72.00 per ton which will increase to \$91 per ton on July 1, 2020.

Not less than 120 days prior to the commencement of each Contract Year as defined in the Service Contract the Authority will estimate (i) the Service Payments to be paid by the Town for such Contract Year and (ii) the annual budget for the System and will submit such information to be able to pay Service Payments on a timely basis. The Service Payments remain in effect for the Contract Year with differences between the aggregate of all such Service Payments and the net cost of operation for each Contract Year being settled in the following Contract Year. The Town is obligated to make Service Payments only if the Authority accepts solid waste delivered by the Town. The Town has the option to "opt out" of its agreement if the contractual cost of living increase exceeds the agreed upon rate.

The Town agrees to make the payment of all Service Payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue Service Payments. The Town agrees that its obligation to make any such Service Payments and other such payments, in the amounts and at the times specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, shall not be subject

to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the Town may have against the Authority, the trustee or any other person for the reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of, or damage to or loss or destruction of, the System or any part thereof and, so long as the Authority shall accept solid waste delivered by the Town pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, use or operation of the System or any part thereof by the Authority or the operator of the System for any reason whatsoever.

To the extent that the Town does not make provisions or appropriations necessary to provide for and authorize the payment by the Town to the Authority of the payments required to be made by it under the Service Contract, the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

In the event of any dispute as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will, within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

Town Landfill and Recycling

The Town closed the Municipal Solid Waste (“MSW”) portion of its Landfill (the “Landfill”) in October of 1994. The Landfill remains open as a recycling center, a transfer station for MSW, and as a Bulky Waste Disposal Site. The Landfill is managed by the Town's Public Works Department with technical support provided by the Town's Engineering Department and engineering consultants, when necessary. The Farmington Valley Health District and the Town's Engineering Department, in conjunction with a private consultant, monitor ground and surface water quality for contamination resulting from leachate down gradient of the Landfill.

The Solid Waste Division provides a comprehensive recycling program, which has successfully surpassed the State mandate to recycle 25% of municipal solid waste. In order to reduce the amount of solid waste being processed and paid for by the Town, the Avon Landfill continues to increase its recycling efforts. With the enactment of the CT. Mattress Recycling Program as of May 2015, the Town of Avon Landfill has implemented an initiative to help achieve this goal by becoming a Participating Collection Site. The Landfill also continues its prior initiatives: Electronics Recycling (E-Waste), Single Stream Recycling, the compaction of contents within containers and a paint program, initiated by the State, which the Town joined in order to assist the residents in disposing of their paint products. Outside vendors have been retained to provide these recycling services.

The Town does not provide solid waste curbside collection services. Residents either contract with a private refuse collector or bring the waste directly to the Landfill. Of the Town's approximately 6,970 (ACS 2014 – 2018) households, an average of 1,581 (23%) deliver refuse directly to the Landfill for transport to the CRRA plant in Hartford. It is anticipated that the transfer station and bulky waste site will remain open for the foreseeable future to accommodate these permit holders. 1,483 tons of waste was transported to the CRRA in fiscal year 2018/2019. The Fiscal Year 2019/2020 Landfill operating budget is \$431,073 funded by \$174,575 in fees and \$256,498 from the Town's General Fund.

Library

Avon's Library (the “Library”) building is owned by the Town and operated by the Avon Free Public Library. The Library was constructed in 1982 on the present site and first renovated in 1997. An expansion and renovation that more than doubled the size of the existing building to 40,000 square feet was completed in March 2012. The Library has a collection of 115,643 items (print and other physical media) plus more than 67,500 items in electronic format. Electronic reference services include an automated public access catalog, more than two dozen on-line databases, wireless internet access, scanning, faxing and digitization services, and 52 public access computers, all of which have Microsoft Office installed. The Library offers a 12-seat computer lab, a dedicated teen room, a preschool exploration area, a children's art studio, four self-checkout stations, and public meeting rooms of varying size. Annual circulation as of June 30, 2019 was 255,318. There are currently 8,147 registered card holders, which is about 45% of the population. The Library is open Monday through Saturday year-round for a total of 56 hours per week, plus Sunday afternoons from December through April. The Library maintains its own website at www.avonctLibrary.info and also oversees the Town's website at www.avonct.gov.

Recreation and Parks

The Department of Recreation and Parks is responsible for the general administration of all parks, open space areas, and recreation facilities and programs. Through long and short term planning that includes program, facility, and

budget considerations, the Department seeks to arrange activities of common interest in parks, schools, and private facilities. The department oversees fourteen Town parks and open space areas totaling almost 1,200 acres, as well as 22 miles of hiking trails and the 4.5 mile Avon section of the Farmington Valley Greenway's network, offering both active and passive recreation opportunities.

Avon's parks contain a variety of active recreation facilities. Sycamore Hills Recreation Areas provide basketball, tennis, volleyball, a playscape, pavilion, bocce ball, gaga pit, a bathhouse, and outdoor pools. The Avon Senior Center offers seniors meals, programs, activities and wellness opportunities. The Community Room, when not being used by seniors, can be rented by non-profit groups, and is used for recreation programming and Town meetings. Countryside Park offers picnicking, fishing, hiking and a multi-purpose building that is available to the public to rent. Sperry Park contains 3 baseball fields, 2 of which are lighted, a concession stand, press box, and batting cages.

The Huckleberry Hill Recreation Area, Found Land, and Hazen Park are considered open space properties with trail systems. Alsop Meadows, a 57-acre parcel located along the Farmington River, is used for hiking, cross-country skiing. Two full-sized, multipurpose fields, garden plots, and a canoe launch are also available at this site.

Fisher Meadows is the Town's 250-acre park. There are 35 acres of athletic fields that provide for lacrosse, soccer, and softball. The park also offers hiking trails, a small lake for fishing and non-motorized boating and a small play area. Buckingham Recreation Area is a 17.73-acre parcel, featuring a regulation baseball field, two multipurpose fields, and a fully accessible playscape.

Economy

Avon is a desirable low-density suburban community with excellent schools and a high standard of living. The Town has a well-balanced and diverse mix of business and industrial use structures, medical services, and quality housing. Major industries with headquarters or divisions located within the Town of Avon include Oldcastle, manufacturers of concrete products; Connecticut-On-Line Computer Center, a centralized computer facility for northeast banks; Coupons Inc., an Internet coupon service provider; Ironwood Capital Management; Petroleum Meter and Pump; Magellan Health; Trend Offset Printing Inc., a California based company; Legere Group Ltd., woodworking; O.F.S. Fitel LLC, a fiber optics manufacturing facility, and Orafol Americas Inc. of Germany (formerly Reflexite Film Fibers, Inc.) World Headquarters (located in Avon Park South). Several major insurance-related companies are also located in Avon including Women's Health USA, AUL Reinsurance Management, Ballentine Capital Management, Inc., Odyssey America Reinsurance, Apple Health Care, Adams and Knight Advertising, ERC Long-Term Care Solutions, and the new Research and Development Center for iDevices, a division of Hubbell, Inc.

The Town's central business district currently enjoys a 95% occupancy rate with a variety of specialty shops and commercial businesses. Presently, there are more than 1,000,000 square feet of existing retail space, 950,000 square feet of office space, and 600,000 square feet of manufacturing space primarily with access along Route 44, with average daily traffic volume between 19,500 and 28,900 vehicles. The Town estimates there are roughly 400,000 square feet of future expansion availability evenly split between office and industrial with about 150,000 square feet of possible future retail. There are ten bank branch offices located in Town including several national and community based banks. Avon is home to three championship golf courses, two private and one public. The Blue Fox Run Golf Course was voted one of the nation's 10 best woman-friendly public courses. There is a wide array of medical services available in Town, including the Avon Wellness Center, a 75,000-square foot facility operated by Hartford Hospital, the Saint Francis Hospital Medical Center housed in a 25,000 square foot facility, the 20,000 square feet Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital, and the Hartford Hospital walk-in clinic operating in a 20,000 square foot building. The Town also has several senior housing communities for Independent Living, Assisted Living and Reflections Memory Care. Several large projects were completed in the last five years: Hartford Healthcare Urgent Care Center on Route 44 added to the existing medical services, a 62,500-square-foot assisted living building, "The Residence at Brookside", was constructed at 117 Simsbury Road, and Raymour & Flanigan recently completed a 15,000 square feet addition to the existing building located at 15 Waterville Road. Currently under construction is Phase 1A of the Avon Village Center project, which includes the construction of a Whole Foods building, as well as two additional commercial buildings, two residential structures, and all infrastructure related to these facilities. When completed, the Village Center will contain 1,000,000 square feet of mixed-use space.

As the Town physically matures, and growth begins to slow, the emphasis will change from accommodating growth through the expansion of Town and School facilities, to maintenance and upkeep of existing facilities. Future development will focus on infill rather than straight green field development. The current mix of 70% single-family

homes and 30% multi-family homes has generally served the Town well. This ratio has provided opportunities for buyers and renters at varying levels of income and ages. Avon is recognized as a desirable community in which to live. Slight increases in affordable/attainable housing are also on the horizon.

Employee Relations and Collective Bargaining

The following table illustrates the full-time equivalent Town employment rolls for the last five fiscal years:

	2019	2018	2017	2016	2015
Board of Education	488.03	481.74	467.70	486.50	480.52
General Government	106.00	107.00	106.00	106.00	106.00
Total.....	594.03	588.74	573.70	592.50	586.52

Source: Town Manager's Office and Superintendent's Office, Town of Avon

The following table shows the present breakdown of general government employees by department:

Department	Full-Time	Regular Part-Time
Administration.....	14.4	7.0
Public Safety	48.0	7.0
Public Works.....	29.0	4.0
Education and Culture (Library)	8.0	36.0
Planning and Development	3.0	2.0
Parks and Recreation.....	3.0	4.0
Health and Social Services	0.6	2.0
Total.....	106.0	62.0

Source: Town Manager's Office, Town of Avon

Municipal Employee Bargaining Units

	Positions Covered	Current Contract Expiration Date
Board of Education		
Teachers - Avon Education Association.....	273.60	6/30/22
Custodians - National Association of Municipal Employees, Local R1-270	30.00	6/30/21
Avon Administrative and Supervisors Association.....	19.00	6/30/21
Support Personnel ¹ - AFT	20.00	6/30/20
Paraprofessionals CSEA SEIU Local 2001,	79.62	6/30/20
Safety and Security Specialists – United Public Service Employees Union	6.00	6/30/21
The School Nurses.....	5.20	6/30/21
Organized	433.42	
Non-Union.....	54.61	
Sub-Total Board of Education.....	488.03	
General Government		
Police - IBPO, Local 541	31.0	6/30/22
Public Works - AFSCME, AFL-CIO, Local 1303, Council 4	18.0	6/30/21
Police Dispatchers - Connecticut Independent Labor Union	6.0	6/30/20
Organized	55.0	
Non-Union.....	51.0	
Sub-Total General Government.....	106.0	
Total Board of Education and General Government	594.03	

¹ Clerical, secretarial, library media technical assistant, technology inventory purchasing specialist, and field services technicians

Source: Town Manager's Office and Superintendent's Office, Town of Avon

General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the

decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

The Avon public school system is administered by a biennially elected, nine-member Board of Education which guarantees minority party representation. Members are elected for terms of four years in every other election, ensuring overlapping terms. The Board assumes office January 1 and elects its Chairman at the first meeting in January. School buildings consist of the Avon High School (grades 9-12, renovated in 1998 and 2006), the Avon Middle School (grades 6-8 built in 1970 and renovated in 1991), and two elementary schools (grades K-5), Pine Grove and Roaring Brook (renovated in 1994). The Pine Grove School opened in the fall of 1991 on a town-owned, 21-acre site in the southwest sector of Town. The recently completed grades 5/6 Thompson Brook School brings the total number of Avon schools to five.

School Facilities

School	Grades	Date of Construction (Additions/Renovations)	Class-rooms	Type of Construction	Enrollment ¹ 10/1/19	Town Maximum Capacity
Pine Grove	PreK-4	1991	42	Brick and cinderblock	634	520
Roaring Brook	PreK-4	1963 ('65, '94)	41	Brick and cinderblock	543	700
Thompson Brook	5-6	2002	42	Brick and cinderblock	502	700
Middle School	7-8	1970 ('91, '09)	41	Brick, cinderblock, concrete	526	700
High School	9-12	1958 ('62, '65, '81, '98, '06, '08)	61	Brick and cinderblock	957	1,300
Towpath/Annex	-	1948	--	Brick, cinderblock, wood frame	--	--
			227		3,162	3,920

¹ Excludes special education students tuitioned out and Pre-kindergarten students
Source: Superintendent's Office, Town of Avon Board of Education

School Enrollment

As of October 1 ¹

School Year	PreK-4	5-6	7-8	9-12	Total Enrollment ¹
Actual					
2011-2012	1,215	604	582	1,139	3,540
2012-2013	1,164	548	611	1,083	3,406
2013-2014	1,167	563	584	1,056	3,370
2014-2015	1,170	552	548	1,050	3,320
2015-2016	1,141	550	545	1,037	3,273
2016-2017	1,140	497	558	1,024	3,219
2017-2018	1,093	487	556	1,011	3,147
2018-2019	1,109	509	511	951	3,080
2019-2020	1,177	502	526	957	3,162
2020-2021	1,152	506	513	974	3,145

¹ Excludes special education students tuitioned out
Source: Superintendent's Office, Town of Avon Board of Education

Note: Projected enrollments not available.

In addition to the public school system, Avon has several private nursery schools to serve preschoolers. Three multi-grade private schools are located in Town. Avon Old Farms School serves boys in grades 9 – 12 in a boarding school/day school

setting designed by America's first female architect, Theodate Pope Riddle, who used English country home design as a model. The Farmington Valley Academy Montessori is open to all grades emphasizing the inter-dependences of life. In the context of a mixed-age classroom, students pursue language, math, science, geography, history, art, music and theatre. The Talcott Mountain Science Center serves grades 4 – 8 as a science focused day school. Avon is also home to the Reggio Magnet School of the Arts that is majority funded by the State of Connecticut. [36 1](#)

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

Population and Density

Year	Actual Population ¹	% Increase	Density ²
1950	3,171	40.4	140
1960	5,273	66.3	233
1970	8,352	58.4	370
1980	11,201	34.1	496
1990	13,937	24.4	617
2000	15,832	13.6	701
2010	18,098	14.3	801
2018 ³	18,338	1.3	811

¹1950-2010 - U.S. Department of Commerce, Bureau of Census

²Per square mile: 22.6 square miles

³2018 - U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014 - 2018

Age Distribution of the Population

Age	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Under 5	1,184	6.5	184,983	5.2
5 - 19	3,670	20.0	672,323	18.8
20 - 34	1,690	9.2	685,338	19.1
35 - 44	2,481	13.5	427,023	11.9
45 - 54	2,719	14.8	522,138	14.6
55 - 64	2,770	15.1	502,119	14.0
65 and over	3,824	20.9	587,580	16.4
Total	18,338	100.0	3,581,504	100.0
Median Age (Years)	45.8		40.8	

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Income Distribution

Income Range	Town of Avon		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000	74	1.5	25,895	2.9
\$10,000 - 14,999	20	0.4	16,073	1.8
\$15,000 - 24,999	38	0.8	38,396	4.3
\$25,000 - 34,999	174	3.4	50,005	5.6
\$35,000 - 49,999	139	2.8	80,365	9.0
\$50,000 - 74,999	350	6.9	127,690	14.3
\$75,000 - 99,999	487	9.6	119,654	13.4
\$100,000 - 149,999	955	18.9	185,732	20.8
\$150,000 or more	2,826	55.8	249,130	27.9
Total	5,063	100.0	892,940	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Income Levels

	Town of Avon	State of Connecticut
Per Capita Income, 2018	\$72,594	\$44,026
Per Capita Income, 2010	\$55,879	\$36,775
Per Capita Income, 2000	\$51,706	\$28,766
Median Family Income, 2018.....	\$163,146	\$98,100
Median Family Income, 2010	\$129,651	\$84,170
Median Family Income, 2000	\$109,161	\$65,521
Percent Below Poverty, 2018	1.2	6.9

Source: U.S. Department of Commerce, Bureau of Census, Decennial Censuses, 2000 and 2010, and the 2018 American Community Survey, 2014-2018

Educational Attainment

Years of School Completed Age 25 & Over

Grade Levels	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	148	1.2	101,068	4.1
9th to 12th grade	166	1.3	134,758	5.4
High school graduate	1,301	10.1	670,519	27.1
Some college, no degree	1,465	11.4	416,267	16.8
Associate's degree	1,056	8.2	190,869	7.7
Bachelor's degree	4,749	36.9	538,924	21.7
Graduate or professional degree	3,975	30.9	426,303	17.2
Total	12,860	100.0	2,478,708	100.0
Total high school graduate or higher (%)	97.6		90.5	
Total bachelor's degree or higher (%)	67.8		38.9	

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Major Employers

As of October 7, 2019

Name	Business	Estimated Number of Employees
Town of Avon.....	Municipality	250 – 499
Center for Advanced Reproduction	Billing service	250-499
Apple Rehab Avon	Rehabilitation Services	100-249
Avon Health Ctr.....	Convalescent Homes	100-249
Avon Old Farm School.....	Schools	100-249
Benchmark Senior Living.....	Skilled Nursing Care Facilities	100-249
Golf Club of Avon.....	Golf Courses	100-249
Legere Group Ltd	Woodworkers	100-249
LSC Communications.....	Printers	100-249
Next Street.....	Driving Instruction	100-249
OFS Specialty Photonics	Fiber Optics	100-249
Physicians For Women's Health	Billing Service	100-249
Rogers Acquisition Corp	Plastics-Manufacturers	100-249
Rotondo Precast.....	Concrete Prods	100-249
Walmart.....	Department Stores	100-249

Source: State of Connecticut, Department of Labor, Labor Market Information, October 7, 2019

Employment by Industry
Employed Persons 16 Years and Over

Sector	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fisheries, mining	0	0.0	7,195	0.4
Construction	221	2.6	107,331	5.9
Manufacturing	921	10.6	190,995	10.5
Wholesale trade	278	3.2	44,714	2.5
Retail trade	472	5.5	191,939	10.6
Transportation, Warehousing, Utilities	114	1.3	72,806	4.0
Information	361	4.2	41,839	2.3
Finance, Insurance, Real Estate	1,686	19.5	164,607	9.1
Professional, Scientific, Management, Admin ..	1,160	13.4	207,632	11.5
Education, Health, Social Services	2,193	25.3	479,677	26.5
Arts, Entertainment, Recreation, Leisure Serv. .	574	6.6	150,852	8.3
Other Services	367	4.2	83,686	4.6
Public administration	313	3.6	67,172	3.7
Total Labor Force, Employed	8,660	100.0	1,810,445	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Employment Data

Period	Town of Avon		Percentage Unemployed		
	Employed	Unemployed	Town of Avon	Hartford Labor Market	State of Connecticut
March 2020 ¹	9,355	241	2.5	3.9	3.9
December 2019 ¹	9,363	198	2.1	3.3	3.2
September 2019 ¹	9,309	217	2.3	3.5	3.4
June 2019 ¹	9,291	264	2.8	3.9	3.9
Annual Averages					
2019	9,315	234	2.5	3.8	3.7
2018	9,380	225	2.3	4.1	4.1
2017	9,213	316	3.3	4.7	4.7
2016	9,010	315	3.4	5.1	5.1
2015	8,929	338	3.6	5.7	5.6
2014	8,791	400	4.4	6.6	6.6
2013	8,994	465	4.9	7.8	7.8
2012	8,952	509	5.4	8.4	8.4
2011	9,220	455	4.7	7.9	7.9
2010	8,727	558	6.0	9.2	9.1

¹ Not seasonally adjusted

Source: Department of Labor, State of Connecticut.

Age Distribution of Housing

Year Built	Town of Avon		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier	470	6.4	337,795	22.3
1940 to 1949	269	3.6	104,394	6.9
1950 to 1959	621	8.4	222,628	14.7
1960 to 1969	1,257	17.0	206,299	13.6
1970 to 1979	1,816	24.5	201,360	13.3
1980 to 1989	915	12.4	191,306	12.6
1990 to 1999	949	12.8	115,459	7.6
2000 to 2009	974	13.2	103,632	6.9
2010 to 2013	102	1.4	19,181	1.3
2014 or later	33	0.5	10,251	0.8
Total housing units, 2018	7,406	100.0	1,512,305	100.0
Percent Owner Occupied, 2018	80.5		60.0	

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014 - 2018

Occupied Housing Inventory

Type	Town of Avon		State of Connecticut	
	Units	Percent	Units	Percent
1-unit detached	5,545	74.8	892,608	59.0
1-unit attached	906	12.2	80,684	5.3
2 units	85	1.2	123,908	8.2
3 or 4 units.....	234	3.2	130,948	8.6
5 to 9 units	60	0.8	84,021	5.6
10 or more units	576	7.8	57,153	3.8
Mobile home, trailer, other	0	0.0	130,872	8.7
Total Inventory.....	7,406	100.0	1,512,305	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	119	2.3	21,254	2.3
\$ 50,000 to \$ 99,999	59	1.5	29,211	3.2
\$100,000 to \$299,999	1,619	24.6	466,962	51.6
\$300,000 to \$499,999	2,512	41.3	240,706	26.5
\$500,000 to \$999,999	1,318	16.1	106,993	11.8
\$1,000,000 or more.....	337	7.0	42,008	2.3
Total.....	5,964	100.0	907,134	100.0
Median Sales Price.....	\$385,100		\$272,700	

Source: U.S. Department of Commerce, Bureau of Census, 2018 American Community Survey, 2014-2018

Building Permits

Fiscal Year Ending 6/30	Single Family		Condominiums		Commercial/Industrial		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2020 ¹	--	--	--	--	3	\$8,282,098	3	\$8,282,098
2019	15	\$4,351,995	--	--	1	1,120,000	16	5,471,995
2018	18	6,532,506	--	--	--	--	18	6,532,506
2017	14	4,906,902	--	--	--	--	14	4,906,902
2016	22	8,577,654	--	--	--	--	22	8,577,654
2015	23	9,505,372	--	--	1	988,108	24	10,493,480
2014	28	11,591,903	--	--	1	11,105,833	29	22,697,736
2013	46	17,127,912	--	--	2	13,555,211	48	30,683,123
2012	20	9,598,472	--	--	3	5,051,176	23	14,649,648
2011	32	14,779,974	--	--	1	479,400	33	15,259,374
2010	14	6,190,739	103	\$10,219,500	1	314,823	118	16,725,062

¹ July 1, 2019 – March 31, 2020

Source: Building Department, Town of Avon

Land Use Summary

Land Use Category	2018		2004		1989		1979	
	Acres	(%)	Acres	(%)	Acres	(%)	Acres	(%)
Single Family Residences.....	7,215	49.9	7,063	48.9	6,167	42.7	4,353	30.1
Multi Family Residences	740	5.2	710	4.9	650	4.5	321	2.2
Total Rec. Open Space	2,604	18.0	2,604	18.0	1,965	13.6	1,729	12.0
Business.....	399	2.8	399	2.8	366	2.5	177	1.2
Industry.....	191	1.4	191	1.4	181	1.3	156	1.1
Agriculture	210	1.4	210	1.4	527	3.6	517	3.6
Churches/Cemeteries	135	0.9	135	0.9	133	0.9	102	0.7
Schools, Public and Private	823	5.7	823	5.7	131	0.9	131	0.9
Utilities	138	0.9	138	0.9	171	1.2	140	1.0
Convalescent Homes	29	0.2	29	0.2	12	0.1	12	0.1
Vacant	1,970	13.6	2,152	14.9	4,151	28.7	6,816	47.1
Total	14,454	100.0	14,454	100.0	14,454	100.0	14,454	100.0

Source: Planning Department, Town of Avon. The Town Plan of Conservation and Development was adopted in December, 2016. The Plan of Conservation and Development is required by State Statute (Section 8-23) to be updated every ten years. In accordance with this Statute, an update is currently in progress.

IV. TAX BASE DATA

Assessments

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax-exempt real estate, personal property, and motor vehicles located within the Town as of October 1. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Assessments for real property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Section 12-62 of the Connecticut General Statutes governs real property assessments and provides that Connecticut municipalities must implement a revaluation every five years and, generally, a physical inspection of all real properties every ten years. For the list of October 1, 2019 Avon's net taxable Grand List amounted to \$2,572,968,792. The Town completed a general property revaluation effective October 1, 2018 for the fiscal year 2019 – 2020. The next revaluation is required to be completed on the list of October 1, 2023 for the fiscal year 2024-2025. Section 12-62 imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion. A physical inspection is then conducted and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Section 12-71e of the General Statutes allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 39.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) or (2) 45 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l of the Connecticut General Statutes establishes the municipal revenue sharing account which provides that sales tax revenue diverted to the fund shall mitigate the revenue loss attributed to the motor vehicle property tax cap. As Avon's mill rate is below the threshold of 45.00 mills, this will not apply to the Town.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

All commercial personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of the current fair market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this property tax abatement provision.

Section 12-170v of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest. The Town has not approved the use of this property tax abatement provision.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 preceding the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate taxes of less than \$50 are due in full in July. Personal property and motor vehicle taxes on the Grand List of October 1 are due in full on July 1; motor vehicle taxes on the supplement to the October 1 Grand List are due in full on January 1. A margin against delinquencies, legal reductions, and Grand List adjustments such as Assessor Certificates of Correction, is provided by adjusting the Grand List when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed monthly with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State statutes, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts deemed uncollectable are transferred to a suspense account after three years at which time they cease to be carried as receivables. Unpaid real estate accounts become uncollectable fifteen years after the due date in accordance with state statutes.

Motor Vehicle Property Tax Cap

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. For the assessment year October 1, 2018 (the fiscal year ending June 30, 2020), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for the fiscal year ending June 30, 2020 is 32.90 mills. For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

COVID-19 Outbreak – Municipal Tax Relief Programs

On April 1, 2020, the Connecticut Governor issued Executive Order No. 7S, which, among other things, calls for Connecticut municipalities, including the Town of Avon, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. Please see the discussion above under the caption **State and Local Efforts to Mitigate the Ongoing Impact of COVID-19.**

Comparative Assessed Valuations

Grand List as of 10/1	Residential Real Property (%)	Commercial/Industrial Real Property (%)	All Land (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	% Change
2019	75.6	12.1	0.7	4.6	7.0	\$2,597,651,452	\$24,682,660	\$2,572,968,792	0.53
2018 ¹	75.1	12.7	0.7	4.5	7.0	2,590,369,706	31,026,570	2,559,343,136	(2.15)
2017	76.5	12.3	0.2	4.3	6.7	2,645,900,740	30,274,340	2,615,626,400	0.15
2016	76.3	12.3	0.2	4.4	6.8	2,643,403,860	31,535,650	2,611,868,210	0.73
2015	76.4	12.4	0.1	4.3	6.8	2,622,997,710	30,294,880	2,592,702,830	0.58
2014	76.5	12.4	0.1	4.1	6.9	2,605,429,680	27,631,430	2,577,798,250	0.73
2013 ¹	76.6	11.4	1.4	3.8	6.8	2,579,014,630	19,934,100	2,559,080,530	(4.83)
2012	78.3	10.4	1.5	3.5	6.3	2,708,176,170	19,349,550	2,688,826,620	0.78
2011	78.2	10.3	1.6	3.4	6.5	2,689,181,750	21,074,960	2,668,106,790	1.12
2010	78.5	10.4	1.6	3.4	6.1	2,660,104,290	21,487,430	2,638,616,860	0.78

¹ Revaluation

Source: Assessors' Office, Town of Avon

Tax Exempt Property

The following categories of exempt properties are not included in the Grand List.

	Assessed Value 10/1/19
Public	
Town of Avon	\$120,813,831
State of Connecticut	16,708,200
Sub-Total Public	137,522,031
Private	
Churches.....	20,221,291
Parish Houses.....	446,850
Volunteer Fire Companies.....	248,750
Cemeteries.....	1,853,010
Scientific, Educational, Historical, Charitable	77,603,211
Recreation Facilities.....	3,558,890
Sub-Total Private	103,932,002
Total Exempt	\$241,454,033
Percent Compared to Net Taxable Grand List	9.38%

¹ Net Taxable Grand List 10/1/19: \$2,572,968,792

Source: Assessor's Office, Town of Avon

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy	Percent Collected in Year Due	Uncollected (Pro Forma)	
						Percent Uncollected in Year Due	Percent Uncollected as of 3/31/20
2018 ¹	2020	\$2,559,343,136	32.90	\$84,638,338	-- In Process	--	6.64
2017 ¹	2019	2,615,626,400	31.35	82,514,831	99.61	0.39	0.25
2016	2018	2,611,686,210	30.59	80,213,899	99.74	0.26	0.14
2015	2017	2,592,702,830	29.52	76,941,666	99.74	0.26	Nil
2014	2016	2,577,798,250	28.80	74,537,630	99.85	0.15	Nil
2013 ²	2015	2,559,080,530	28.32	72,652,069	99.81	0.19	Nil
2012	2014	2,688,826,620	26.32	71,181,158	99.83	0.17	Nil
2011	2013	2,668,106,790	25.65	68,686,698	99.89	0.11	Nil
2010	2012	2,638,616,860	25.04	66,261,613	99.72	0.28	Nil
2009	2011	2,618,153,660	24.44	64,184,141	99.74	0.26	Nil
2008 ²	2010	2,605,775,050	23.41	61,073,939	99.90	0.10	Nil

¹ Subject to accrual and final audit.

² Revaluation

Source: Comprehensive Annual Financial Reports, Town of Avon, fiscal years 2010 – 18
Tax Collector's Office, Town of Avon, FY 2019 and 2020

Property Taxes Receivable

Fiscal Year Ending 6/30	Total	Current Year
2020 ¹	\$1,222,860	\$797,144
2019	586,454	320,938
2018	497,395	293,921
2017	416,082	252,473
2016	344,412	204,736
2015	354,735	114,962

¹ As of March 31, 2020

Source: Comprehensive Annual Financial Reports, FY 2015-2019, Town of Avon
Tax Collector's Office, Town of Avon, FY 2020,

Ten Largest Taxpayers

Name	Nature of Business	Assessed Value	Percent of Net Taxable Grand List ¹
Eversource	Utility	\$ 20,563,710	0.80
Avon 46 (Avon Place)	Condominiums	15,984,540	0.62
Two Fifty Five West Main LLC	Shopping center	14,651,339	0.57
Avon Mill LLC	Apartments	14,437,050	0.56
Connecticut Water Company	Utility	14,165,780	0.55
Avon Marketplace Investors	Apartments	13,816,530	0.54
Nod Brook Owner LLC	Shopping center	13,309,031	0.52
KRE-BSL Husky Avon LLC (River Ridge)	Health Care	9,849,474	0.38
BRE Apex Property Owner LLC (Marriott)	Hotel	9,326,685	0.36
Brookside Propco LLC (Residence at Brookside).	Health Care	9,091,135	0.36
Total		\$135,195,274	5.26

¹ Based on Net Taxable Grand List 10/1/19: \$2,572,968,792

Source: Assessor's Office, Town of Avon

V. FINANCIAL ADMINISTRATION,

Financial Reporting

The financial statements of the Town are prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, GASB issued Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The statement established a new reporting model for governments that is substantially different from prior reporting standards. All financial statements for the fiscal year ended June 30, 2003 and thereafter have been prepared using the new model.

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the primary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Budget Procedure

The Town Manager, the Finance Department, and Human Resources are responsible for preparing preliminary estimates for the Town budget. The Board of Finance presents the annual budget to the Annual Town Meeting, approves all transfers of appropriations in budget accounts, recommends all issues of bonds or notes, and votes to set the tax rate.

On or before February 15, all department, agency, and commission heads supported in whole or in part by Town funds, including the Chairman of the Board of Education, file expenditure requests and estimated revenue other than tax proceeds with the Town Manager.

On or before March 1, the Town Manager presents to the Town Council a budget consisting of:

1. A written statement outlining the important features of the budget plan;
2. Detailed estimates of revenue by source, itemized receipts collected in the last completed fiscal year, receipts estimated to be collected during the current fiscal year, and estimates of receipts to be collected in the ensuing fiscal year;
3. Estimates for expenditures in detail directed by the Town Council for each office or agency for the last fiscal year and expenditures for the current fiscal year to the time of preparing the estimates, total expenditures as estimated for the current fiscal year, the requests of the several offices and agencies for the ensuing fiscal year, and the Town Manager’s recommendations for the ensuing fiscal year. The Town Manager, at the request of the Town Council, presents reasons for any of his recommendations;
4. Proposed municipal capital improvement projects for the ensuing year and for the next four fiscal years thereafter with a recommendation for current expenditures and a method to finance them.

On or before April 1, the Town Council presents and recommends to the Board of Finance the budget for the ensuing fiscal year with such modifications as it deems appropriate. For the budget proposal of the Board of Education, such alterations or changes are in the form of recommendations.

The Board of Finance performs the following duties with respect to the budget:

1. The Board of Finance holds one or more public hearings not later than three weeks before the annual budget meeting;
2. After such hearings, and after consultation with the Town Council and the Board of Education, the Board of Finance makes such revisions in the budget as it deems desirable and recommends the same revised budget to the Annual Budget Meeting held on the first Monday in May;
3. At least five days prior to the Annual Budget Meeting, the Board of Finance publishes in a newspaper having a general circulation in the Town, a summary of the budget showing estimated revenues by major sources and recommended appropriations by office or agency;
4. The Annual Budget Meeting receives and considers adopting the budget recommended by the Board of Finance. The Annual Budget Meeting is adjourned to a referendum to be held not less than seven nor more than fourteen days thereafter;
5. Within 10 days after approval of the budget at referendum, the Board of Finance fixes the tax rate in mills which is levied on the taxable property in Town for the ensuing fiscal year; up to an additional 2 mills may be levied to fund a Capital and Non-Recurring Expenditure account to pay for capital improvements for which the Town is authorized to issue bonds;
6. If a referendum rejects the budget, within 20 days the Board of Finance consults with the Town Council and the Board of Education, makes any changes it deems appropriate, conducts a public hearing on the rejected budget and any modifications, and recommends a revised budget to the Town Council. The Town Council designates a referendum date not more than 30 days after the vote rejecting the budget. No more than three referenda may be conducted on the budget. More than 9% of the registered voters are required to reject the budget at referendum. Otherwise, the budget is deemed approved regardless of the outcome. If the budget is defeated by three successive referenda, the Town Council sets the budget.

Connecticut Governor's Executive Orders Impacting Municipal Budget Adoption Procedures for Fiscal Year 2020-21

On March 15, 2020 and March 21, 2020, the Connecticut Governor issued emergency Executive Orders No. 7C and 7I, which permit adjustment of the budget adoption process in response to Covid-19 public health concerns. Pursuant to those Executive Orders, the Avon Town Council at a meeting held March 30, 2020 authorized the Avon Board of Finance to adopt a budget and set a property tax mill rate for Fiscal Year 2020-21, without reference to the voters. In doing so, the Board of Finance is required by the Executive Orders to comply with certain public meeting requirements set forth in the Connecticut Governor's emergency Executive Order 7B and to take all reasonable steps to publicize the draft municipal budget for the fiscal year and receive public comment thereon, including but not limited to, publishing draft budgets on the Town website and providing an email address or other means for the public to submit timely comments on the proposed budget.

Audit

The Town of Avon, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ending June 30, 2019, the books and records of the Town were audited by Blum Shapiro & Company, PC, which firm will be auditing the books and records of the Town for the fiscal year ending June 30, 2020.

Investment Policies

Operating Funds - The Town currently operates under an investment policy which was approved by the Town Council at its November 2, 2000 meeting. In substance, the Town restricts its activities to instruments which provide the greatest safety, liquidity, and yield in that order. US Treasury obligations maturing in less than one year, overnight repurchase agreements, and a US government fund comprise the bulk of the operating investment portfolio. In addition, the Finance Director monitors the risk based capital ratios and collateral requirements (as

defined in Connecticut General Statutes Section 36-382) of the qualified public depositories with which the Town does business.

Pension Funds - The Town's pension investments are governed by its *Statement of Investment Policies and Objectives*. The policy details asset mix ranges for the following classes of investments: core equities (40% - 50%), international equities (0% - 10%), small to mid-cap equities "SMIDs" (0% - 10%), fixed income investments (40% - 50%), and cash equivalents (0% - 10%). The overall investment return is expected to exceed the actuarial investment return assumption, the inflation rate as measured by the Consumer Price Index, and the return of a passively managed portfolio. Each portfolio has specific objectives as well. The annualized return of the Enhanced Core Equity portfolio is expected to exceed the return of the S&P 500 Stock Index by 1.5% and rank in the upper 40% of a broad universe of managers working under similar objectives. The annualized return of the Fixed Income portfolio is expected to exceed by 1% the Lehman Brothers Aggregate Note Index and rank in the upper 40% of a broad universe of managers with similar objectives.

Investment guidelines further spell out the parameters under which the plan's active managers must operate. Overall, no more than 5% of total assets can be invested in any one company's securities, and no more than 15% in any one industry (except for US government securities). In addition, no more than 5% of a corporation's outstanding issues in a given security class may be purchased. Each portfolio has specific guidelines which reflect or further define the general guidelines.

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

Post Retirement Medical Benefits Reserve Trust Fund – The Board of Finance may, from time to time, direct the Treasurer of the Town of Avon (the "Treasurer") to invest such portion of the Reserve Fund as in the Treasurer's opinion is advisable, provided: (1) not more than forty percent (40%) of the total amount invested shall be invested in equity securities and (2) not less than fifty percent (50%) of the total amount invested shall be invested in United States government obligations, United States agency obligations, United States postal service obligations, certificates of deposit, commercial paper, savings accounts and bank acceptances. The Treasurer may utilize the services of one or more custodians and/or investment managers to assist with respect to the investment of the Reserve Fund.

For additional information see:

https://www.avonct.gov/sites/avonct/files/uploads/tabs_supplemental_data_may_19-20.pdf, pages S25 – S28.

Pensions

GASB 67 Disclosure

Governmental Accounting Standards Board Statement No. 67 ("GASB 67") requires a determination of the Total Pension Liability ("TPL") for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability ("NPL") is then set equal to the TPL minus the plan's Fiduciary Net Position ("FNP") which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate ("SEIR"). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of AA/Aa or higher.

Defined Benefit Plans

The Town of Avon administers two single-employer, contributory, defined benefit pension plans (Town and Board of Education) to provide pension benefits for its police officers, public works employees, management unclassified and classified non-organized employees, dispatch employees and Board of Education employees, except certified personnel who are eligible to participate in the State of Connecticut Teachers' Retirement System. The police and non-organized portions of the Town plan closed to new entrants effective January 1, 1997, and public works and dispatchers closed to new entrants effective July 1, 1997. All new employees of the above classes become part of the Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, standalone financial reports are not issued by the pension plans.

The Town of Avon has received from Milliman actuarial valuations prepared as of July 1, 2018 for the Town Retirement Plan and the Board of Education Retirement Plan.

Changes in Net Pension Liability – Town Employees

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances July 1, 2018	\$42,089,680	\$18,526,589	\$23,563,091
Changes for the year:			
Service cost	14,551	--	14,551
Interest on total pension liability	2,721,665	--	2,721,665
Effect of economic/demographic gains or losses	189,868	--	189,868
Effect of assumption changes or inputs	808,194	--	808,194
Benefit payments	(3,625,729)	(3,625,729)	
Employer contributions	--	3,156,575	(3,156,575)
Member contributions	--	87,658	(87,658)
Net investment income	--	1,066,219	(1,066,219)
Administrative expenses	--	(22,342)	22,342
Net changes	108,549	662,381	(553,832)
Balances June 30, 2019	\$42,198,229	\$19,188,970	\$23,009,259

Changes in Net Pension Liability – Board of Education

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances July 1, 2018	\$13,173,250	\$10,834,313	\$2,338,937
Changes for the year:			
Service cost	490,495	--	490,495
Interest on total pension liability	903,576	--	903,576
Effect of economic/demographic gains or losses	(896,489)	--	(896,489)
Effect of assumption changes or inputs	354,292	--	354,292
Benefit payments	(564,062)	(564,062)	
Employer contributions	--	698,616	(698,616)
Member contributions	--	226,274	(226,274)
Net investment income	--	676,111	(676,111)
Administrative expenses	--	(17,293)	17,293
Net changes	287,812	1,019,646	(731,834)
Balances June 30, 2019	\$13,461,062	\$11,853,959	\$1,607,103

For the year ended June 30, 2019, the Town recognized pension expense of \$2,674,277 for the Town Plan and \$526,001 for the Board of Education Plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Town		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	--	--
Changes of Assumptions	--	--
Net difference between projected and actual earning on pension plan investments	--	\$174,361
Total	--	\$174,361

Board of Education		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$100,278	\$878,772
Changes of Assumptions	779,222	--
Net difference between projected and actual earning on pension plan investments	--	109,114
Total	\$879,500	\$987,886

Historical Schedule of Funding Progress - Town

	(1)	(2)	(30)	(4)	(5)	(6)
						UAAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Fot Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) – (1)	Funded Ratio (1)/(2)	Covered Payroll (3)/(6)
7/1/2010	2012	\$18,850,230	\$39,782,064	\$20,931,826	47.4%	1071.1%
7/1/2011	2013	17,569,392	39,674,301	22,104,909	44.3%	1434.8%
7/1/2012	2014	16,337,932	40,387,075	24,049,143	40.5%	1573.7%
7/1/2013	2015	16,652,480	41,183,864	25,531,384	38.0%	2051.3%
7/1/2014	2016	16,497,771	41,928,462	25,430,691	39.3%	2218.9%
7/1/2015	2017	17,307,750	41,966,346	24,658,595	41.2%	2445.5%
7/1/2016	2018	17,385,784	42,426,026	25,040,242	41.0%	2585.7%
7/1/2017	2019	17,749,599	42,860,473	25,110,885	41.4%	3007.3%
7/1/2018	2020	18,364,988	43,120,719	24,755,731	42.6%	3843.9%

Historical Schedule of Funding Progress – Board of Education

		(1)	(2)	(30)	(4)	(5)	(6)
Actuarial		Actuarial		Unfunded			UAL as a
Valuation	Fot	Value	Accrued	Accrued	Funded		Percentage of
Date	Fiscal Year	of Assets	Liability	Liability(UAL)	Ratio	Payroll	Payroll
				(2) – (1)	(1)/(2)		(3)/(5)
7/1/2009	2011	\$3,687,949	\$4,728,413	\$1,040,464	78.0%	\$3,754,830	27.7%
7/1/2010	2012	3,994,222	5,346,008	1,351,786	74.7%	3,880,490	34.8%
7/1/2011	2013	4,428,951	5,708,745	1,279,794	77.6%	4,041,241	31.7%
7/1/2012	2014	4,987,111	7,105,640	2,118,529	70.2%	4,234,029	50.0%
7/1/2013	2015	5,673,965	7,819,165	2,145,200	72.6%	4,580,259	46.8%
7/1/2014	2016	6,619,120	8,405,279	1,786,159	78.7%	4,872,609	36.7%
7/1/2015	2017	7,629,852	9,429,173	1,799,321	80.9%	4,459,116	40.4%
7/1/2016	2018	8,569,343	10,837,190	2,267,847	79.1%	4,885,541	46.4%
7/1/2017	2019	9,637,094	12,107,024	2,532,930	79.2%	4,793,820	52.8%
7/1/2018	2020	10,711,201	12,671,199	1,959,998	84.5%	3,988,673	49.1%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Town

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$ 45,745,706	\$42,198,229	\$39,131,275
Fiduciary net position	<u>19,188,972</u>	<u>19,188,972</u>	<u>19,188,972</u>
Net pension liability	\$26,556,734	\$23,009,257	\$19,942,303

Board of Education

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$ 15,028,753	\$42,198,229	\$12,123,217
Fiduciary net position	<u>11,853,957</u>	<u>19,188,972</u>	<u>11,853,957</u>
Net pension liability	\$ 3,174,796	\$ 1,607,105	\$ 269,260

Defined Contribution Plans

The Town maintains two single-employer, defined contribution pension plans, the Avon 401(a) Management Money Purchase Plan and the Avon 401(a) Full-Time Employees' Plan. Both plans are administered by the International City/County Management Association (ICMA). The Town is required to contribute 2.5% of compensation for the Management Money Purchase Plan participants and 7.5% for the Full-Time Employees' Plan participants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Management Plan covers Town management employees hired prior to July 1, 1997, and the Full-Time Employees' Plan covers regular, full-time employees hired after July 1, 1997.

The total Town contributions for the Management Money Purchase Plan and Full-Time Employees' Plan during the year ended June 30, 2019 were \$9,304 and \$757,826, respectively. Members of the Management Money Purchase Plan are required to contribute 2.75% of their annual earnings, and members of the Full-Time Employees' Plan are required to contribute between 7.50% and 9.25% of their annual earnings. The employees' contributions to each plan were \$9,304 and \$757,826, respectively.

Schedule of Employer Contributions - Town

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2010	\$1,758,507	\$1,758,507	\$0	\$2,824,488	62.26
2011	1,966,862	1,966,862	0	2,481,802	79.25
2012	2,030,829	2,030,829	0	1,654,201	103.92
2013	2,119,020	2,119,020	0	1,540,675	137.54
2014	2,367,723	2,367,723	0	1,528,161	154.94
2015	2,611,489	2,611,489	0	1,244,618	209.82
2016	2,718,922	2,718,922	0	1,146,084	237.24
2017	2,784,344	2,784,344	0	1,008,320	276.14
2018	2,965,142	2,974,142	(\$9,000)	968,415	307.11
2019	3,140,575	3,156,575	(16,000)	835,010	378.03

Schedule of Employer Contributions – Board of Education

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2010	\$210,811	\$210,811	\$0	\$3,485,158	6.05
2011	283,245	283,000	245	3,754,830	7.54
2012	318,093	318,093	0	3,880,490	8.20
2013	330,426	480,000	(149,574)	4,041,241	11.88
2014	480,771	507,738	(26,967)	4,234,029	11.99
2015	506,967	506,967	0	4,580,259	11.07
2016	504,392	508,433	(4,041)	4,872,609	10.43
2017	514,235	514,235	0	4,459,116	11.53
2018	622,289	622,289	0	4,885,541	12.74
2019	698,616	698,616	0	4,793,820	14.57

For fiscal year 2020, the Town paid \$3,348,082 into the Town plan and \$760,000 into the Board of Education plan. For fiscal year 2021, the Town has budgeted \$3,768,708 for the Town plan and \$718,928 for the Board of Education plan.

Depletion Date Projection

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (ANAA or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Town of Avon:

The Town of Avon has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).

The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the professional opinion of Milliman that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Teachers' Retirement Plan - Pension

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.avonct.gov. Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

School District employers are not required to make contributions to the plan. The Town is not required nor obligated to make contributions to the plan.

See Note 4, C. Employee Retirement Plans, - Connecticut Teachers' Retirement System – Pension in the Notes to Financial Statements for the fiscal year ended June 30, 2019 in Appendix A herein.

Other Post Employment Benefits Program (OPEBP)

The OPEBP is a single-employer defined benefit healthcare plan administered by the Town of Avon. The OPEBP provides medical and dental to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees. The Town established a Trust on June 4, 2009. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post-Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report. Management of the OPEBP plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Ad Hoc Pension Investment Advisory Committee, which consists of six members. There are 211 Town members and 406 Board of Education members.

For the year ended June 30, 2019, there were no plan member contributions to the plan. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits. Employer contributions to the plan were \$1,975,319 for the Town Plan and \$620,355 for the Board of Education Plan. These contributions were made in accordance with actuarially determined requirements. The Town has assigned a portion of general fund balance to fund these benefits in the future. Net position available for future benefits at June 30, 2019 was \$110,879. The Town plans on transferring these monies into the OPEB Trust Fund in the future.

Net OPEB Liability – Town

Net OPEB Liability	June 30, 2018	June 30, 2019
Total OPEB Liability	\$30,944,642	\$33,731,366
Fiduciary net position	7,086,215	8,416,207
Net OPEB Liability	23,858,427	25,315,159
Fiduciary net position as a % of total OPEB liability	22.90%	24.95%
Covered Payroll	5,277,848	5,277,848
Net OPEB liability as a % of covered payroll	452.05%	479.65%

Net OPEB Liability – Board of Education

Net OPEB Liability	June 30, 2018	June 30, 2019
Total OPEB Liability	\$ 9,903,588	\$ 8,488,907
Fiduciary net position	1,940,749	2,376,357
Net OPEB Liability	7,962,839	6,112,550
Fiduciary net position as a % of total OPEB liability	19.60%	27.99%
Covered Payroll	29,004,929	29,004,929
Net OPEB liability as a % of covered payroll	27.45%	21.07%

History of Funding Progress (\$000's) – OPEB – Town

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAL as a percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ 0	\$14,353	\$14,353	0%	N/A	N/A
7/1/2010	693	17,238	16,345	5%	N/A	N/A
7/1/2012	1,686	20,190	18,504	8%	N/A	N/A
7/1/2014	3,269	23,240	19,980	14%	4,848	412%
7/1/2016	4,692	27,7209	23,037	17%	5,278	436%
7/1/2018	7,544	31,670	24,126	24%	7,970	303%

History of Funding Progress (\$000's) – OPEB – Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAL as a percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$0	\$6,844	\$6,844	0%	N/A	N/A
7/1/2012	054	7,097	7,043	1%	\$25,533	27.6%
7/1/2014	122	7,412	7,290	2%	27,318	26.7%
7/1/2016	(182)	8,512	8,694	-2%	29,005	30.0%
7/1/2018	1,941	8,021	6,080	24%	26,771	22.7%

Schedule of Employer Contributions – OPEB – Town

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2010	\$1,294,000	\$ 863,000	\$431,000	N/A	N/A
2011	1,389,000	1,040,000	349,000	N/A	N/A
2012	1,617,000	1,142,000	475,000	N/A	N/A
2013	1,715,000	1,545,000	170,000	N/A	N/A
2014	1,915,000	1,712,000	203,000	N/A	N/A
2015	2,007,000	1,895,000	112,000	N/A	N/A
2016	2,169,173	1,809,878	359,295	\$4,848,186	37.33%
2017	2,356,683	1,946,608	410,075	4,848,186	40.15%
2018	2,548,324	2,130,593	417,731	5,277,848	40.37%
2019	2,700,739	1,975,319	725,420	5,277,848	37.43%

Schedule of Employer Contributions – OPEB – Board of Education

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2010	\$1,093,000	\$ 664,000	\$ 429,000	N/A	N/A
2011	825,000	714,000	111,000	N/A	N/A
2012	854,000	607,000	247,000	N/A	N/A
2013	913,000	601,000	312,000	N/A	N/A
2014	935,000	507,000	428,000	\$25,533,000	1.99%
2015	1,016,000	540,000	476,000	25,533,000	2.11%
2016	974,886	569,278	405,588	27,317,927	2.08%
2017	1,063,989	1,096,301	(32,312)	27,317,927	4.01%
2018	1,111,525	1,389,412	(277,887)	29,004,929	4.79%
2019	1,177,141	620,355	556,786	29,004,929	2.14%

For fiscal year 2020, the Town paid \$2,020,072 into the Town plan and \$924,907 into the Board of Education plan. For fiscal year 2021, the Town has budgeted \$2,154,122 for the Town plan and \$1,148,965 for the Board of Education plan.

Changes in Net OPEB Liability - Town

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) – (b)</u>
Balances July 1, 2018	\$30,944,642	\$7,086,215	\$23,858,427
Changes for the year:			
Service cost	727,436	--	727,436
Interest on total OPEB liability	2,190,751	--	2,190,751
Effect of economic/demographic gains or losses	(8,561)	--	(8,561)
Effect of assumption changes or inputs	641,321	--	641,321
Benefit payments	(764,223)	(764,223)	--
Employer contributions	--	1,975,319	(1,975,319)
Net investment income	--	142,369	(142,369)
Administrative expenses	--	(23,473)	23,473
Net changes	2,786,724	1,329,992	1,456,732
Balances June 30, 2019	\$33,731,366	\$8,416,207	\$25,315,159

Changes in Net OPEB Liability – Board of Education

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances July 1, 2018	\$9,903,588	\$ 1,940,749	\$7,962,839
Changes for the year:			
Service cost	283,422	--	283,422
Interest on total OPEB liability	700,168	--	700,168
Effect of economic/demographic gains or losses	(2,385,800)	--	(2,385,800)
Effect of assumption changes or inputs	363,110	--	363,110
Benefit payments	(375,581)	(375,581)	--
Employer contributions	--	620,355	(620,355)
Net investment income	--	190,834	(190,834)
Net changes	(1,414,681)	435,608	(1,850,289)
Balances June 30, 2019	\$8,488,907	\$2,376,357	\$6,112,550

See Note 5, Postemployment Healthcare Plan – Other Post Employment Benefits Program, in the Notes to Financial Statements for the fiscal year ended June 30, 2019 in Appendix A herein.

Sensitivity Analysis – Town OPEB

Town – Current Discount Rate

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$39,173,130	\$33,731,366	\$29,383,506
Fiduciary net position	<u>8,416,207</u>	<u>8,416,207</u>	<u>8,416,207</u>
Net pension liability	\$30,756,923	\$25,315,159	\$20,967,299

Town – Current Trend Rate

	1% Decrease (5.50%)	Current Trend Rate	1% Increase (7.50%)
Total pension liability	\$28,840,960	\$33,731,366	\$39,942,032
Fiduciary net position	<u>8,416,207</u>	<u>8,416,207</u>	<u>8,416,207</u>
Net pension liability	\$20,424,753	\$25,315,159	\$31,525,825

Sensitivity Analysis – Board of Education OPEB

Board of Education – Current Discount Rate

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$9,278,758	\$8,488,907	\$7,782,890
Fiduciary net position	<u>2,376,357</u>	<u>2,376,357</u>	<u>2,376,357</u>
Net pension liability	\$6,902,401	\$6,112,550	\$5,406,533

Board of Education – Current Trend Rate

	1% Decrease (5.50%)	Current Trend Rate	1% Increase (7.50%)
Total pension liability	\$7,419,756	\$8,488,907	\$9,658,914
Fiduciary net position	<u>2,376,357</u>	<u>2,376,357</u>	<u>2,376,357</u>
Net pension liability	\$5,043,399	\$6,112,550	\$7,282,557

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	--	\$7,004
Changes of Assumptions	\$ 524,717	---
Net difference between projected and actual earning on OPEB plan investments	503,191	--
Total	<u>\$1,027,908</u>	<u>\$7,004</u>

	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	--	\$2,134,663
Changes of Assumptions	\$324,888	--
Net difference between projected and actual earning on OPEB plan investments	22,680	37,135
Total	<u>\$347,568</u>	<u>\$2,171,798</u>

Depletion Date Projection

GASB 74 and 75 generally require that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 74 and 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 and 75 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Town of Avon:

The Town of Avon has contributed, on average over the last five years, about 83% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution), and is trending towards making the full Actuarially Determined Contribution going forward.

The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

GASB 74 and 75 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the professional opinion of Milliman that the detailed depletion date projections outlined in GASB 74 and 75 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Fund Balance Policy

The Town has acted to establish policies regarding Fund Balance. On December 6, 2001, the following policy was adopted by the Town Council: "That the Town of Avon establish, as a goal, a 10% Unreserved Undesignated General Fund Balance".

At its December 2006 meeting, the Board of Finance adopted the following policy:

1. Any use of surplus should only be considered by the Board of Finance after a showing of substantial support for such use by the requesting authority (including the Town Council and the Board of Education). The Board of Finance shall exercise its discretion in finding whether or not there has been the requisite "substantial support" for such request. Demonstration of "substantial support" alone shall not be a sufficient basis to approve such request. The following additional criteria must also be met.
2. Approval of any request for the use of surplus shall only be given upon a finding by the Board of Finance that such use will meet an extraordinary need or unusual opportunity, which need or opportunity must be timely met. Such need or opportunity must have characteristics demonstrating real and immediate circumstances which compels the extraordinary measure of using surplus. The proponent of such use must demonstrate, and the Board of Finance must find, that such use will result in a tangible and significant benefit to the Town, which benefit outweighs the extraordinary process of utilizing surplus funds.

General Fund Balance Sheet
Five Year Summary of Audited Assets, Liabilities, and Fund Equity

	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015
ASSETS					
Cash and Cash Equivalents.....	\$37,851,280	\$32,567,409	\$36,367,148	\$31,104,129	\$31,430,424
Investments	--	1,337,703	1,353,109	1,375,211	1,346,232
Receivables (net).....	472,163	397,916	483,374	316,971	359,506
Due from other funds.....	575,924	206,637	7,575	8,366	170,010
Other.....	43,294	96,320	13,077	11,398	27,237
Total Assets	\$38,942,661	\$34,605,985	\$38,224,283	\$32,816,075	\$33,333,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts payable.....	\$ 1,011,277	\$1,520,155	\$ 1,466,720	\$1,290,515	\$ 1,593,874
Accrued liabilities.....	226,151	217,667	191,322	228,338	450,621
Due to other funds	19,205,989	17,672,042	17,794,409	15,094,799	14,078,551
Unearned revenue	9,057	9,057	18,199	9,057	9,057
Total Liabilities	20,452,474	19,418,921	19,470,650	16,622,709	16,132,103
<u>Deferred Inflows of Resources</u>					
Unavailable revenue – property taxes.....	377,346	314,040	297,463	215,730	228,445
Unavailable revenue – school bldg.. P&I.....	--	--	68,070	68,070	68,070
Advance property tax collections	4,991,108	2,947,901	7,303,713	5,127,467	5,823,823
Total deferred inflows of resources	5,368,454	3,261,941	7,669,246	5,411,267	6,120,338
Fund Balances					
Nonspendable	43,294	96,320	13,077	11,398	27,237
Restricted.....	--	--	--	--	--
Committed.....	--	--	--	--	--
Assigned.....	1,902,980	2,234,305	2,116,988	2,326,985	3,050,722
Unassigned.....	11,175,459	9,594,498	8,954,322	8,443,716	8,003,009
Total Fund Balances	13,121,733	11,925,123	11,084,387	10,782,099	11,080,968
TOTAL LIABILITIES AND FUND BALANCES	\$38,942,661	\$34,605,985	\$38,224,283	\$32,816,075	\$33,333,409

General Fund Revenues and Expenditures¹

Five Year Summary of Audited Revenues and Expenditures, Estimated/Unaudited Current Year,
and Current Year Adopted Budget

	Budget ² 2019-2020	Estimated Unaudited 6/30/20 ³	Actual 6/30/19	Actual 6/30/18	Actual 6/30/17	Actual 6/30/16	Actual 6/30/15
REVENUES:							
Property Taxes	\$84,624,710	\$84,524,624	\$82,563,358	\$80,359,926	\$77,085,268	\$74,777,579	\$72,702,548
Intergovernmental.....	2,278,650	1,886,091	6,973,428	14,972,652	14,481,234	9,949,386	9,442,455
Charges for Services	2,016,925	2,487,222	2,572,697	2,158,292	2,227,915	2,402,226	2,654,210
Investment Income.....	300,000	532,370	892,953	566,795	278,634	202,213	87,036
Other Local Revenues.....	220,345	130,720	262,660	285,926	157,913	353,773	378,392
Total Revenues	<u>89,440,630</u>	<u>89,561,027</u>	<u>93,265,096</u>	<u>98,343,591</u>	<u>94,230,964</u>	<u>87,685,177</u>	<u>85,264,641</u>
EXPENDITURES:							
General Government.....	3,501,609	3,501,609	3,438,880	3,561,032	3,399,623	3,036,492	2,976,971
Public Safety.....	11,178,397	11,188,397	11,002,045	10,807,988	10,348,877	9,958,415	9,533,701
Public Works	6,443,445	6,393,445	6,041,369	5,816,698	5,562,210	5,323,206	5,235,745
Health and Social Services	549,921	549,921	515,599	513,906	520,032	506,087	502,740
Recreation and Parks	857,169	842,169	810,449	846,958	804,583	768,072	770,618
Education and Culture - Library	1,720,491	1,730,491	1,705,979	1,657,693	1,607,338	1,541,279	1,479,743
Conservation and Development.....	688,158	688,158	666,166	665,679	655,995	650,786	613,764
Miscellaneous.....	345,913	325,913	291,084	282,880	280,949	275,247	333,033
Total Town Council.....	<u>25,285,103</u>	<u>25,220,103</u>	<u>24,471,571</u>	<u>24,152,834</u>	<u>23,179,607</u>	<u>22,059,584</u>	<u>21,446,315</u>
Board of Education.....	58,605,549	58,655,549	62,466,854	67,977,190	65,760,599	59,484,885	58,148,061
Debt Service	3,746,018	3,036,712	2,755,750	2,818,850	3,029,750	3,538,631	3,647,488
Total Expenditures.....	<u>87,636,670</u>	<u>86,912,364</u>	<u>89,694,175</u>	<u>94,948,874</u>	<u>91,969,956</u>	<u>85,083,100</u>	<u>83,241,864</u>
Excess (Deficiency) of Revenues over Expenditures.....	<u>1,803,960</u>	<u>2,648,663</u>	<u>3,570,921</u>	<u>3,394,717</u>	<u>2,261,008</u>	<u>2,602,077</u>	<u>2,022,777</u>
Other Financing Sources (Uses):							
Capital lease issuance.....	--	--	268,335	151,747	248,749	299,906	155,863
Capital Projects Funds.....	(\$1,803,960)	(1,803,940)	--	--	--	--	--
Operating Transfers In	--	385,000	521,000	--	623,759	340,000	39,308
Operating Transfers Out	--	(385,000)	(3,163,646)	(2,705,728)	(2,831,228)	(3,487,203)	(3,993,997)
Net Other Financing Sources (Uses).....	<u>--</u>	<u>(1,803,940)</u>	<u>(2,374,311)</u>	<u>(2,553,981)</u>	<u>(1,958,720)</u>	<u>(2,847,297)</u>	<u>(3,798,826)</u>
Net Change in Fund Balances	--	844,723	1,196,610	840,736	302,288	(245,220)	(1,776,049)
Fund Balance Beginning (2016 as restated)	--	13,121,733	11,925,126	11,084,387	10,782,099	11,027,319	12,857,017
Fund Balance End of Year	--	<u>\$13,966,456</u>	<u>\$13,121,733</u>	<u>\$11,925,123</u>	<u>\$11,084,387</u>	<u>\$10,782,099</u>	<u>\$11,080,968</u>

¹ GAAP basis, except budget 2019-2020.

² FY 2020 Budget adopted by referendum May 15, 2019

³ Net change in fund balance estimated unaudited 6/30/20 does not reflect any future assignments or transfers to fund balance at year end.

Municipal General Budget Expenditures Cap: Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, but provides that such funding will resume following June 30, 2021.

CAPITAL IMPROVEMENT PROGRAM								
2020 - 2024 PROJECT SUMMARY								
	*Source of Funds	Total Cost	FY 20 **	FY 21	FY 22	FY 23	FY 24	5 Year Cost
I. GENERAL GOVERNMENT								
A. Vault Expansion	1,2	510,100	485,100	--	--	--	--	485,100
B. Town Hall Building #1 Renovations	1	800,000		800,000	--	--	--	800,000
C. APD Radio System	1,2,3	4,475,000	250,000	--	--	--	--	250,000
D. Automated Tax Collection System	1	83,864	83,864	--	--	--	--	83,864
TOTAL GENERAL GOV.		5,868,964	818,964	800,000	--	--	--	1,618,964
II. PUBLIC SAFETY								
A. FIRE DEPARTMENT								
1. Capital Equipment								
(a) Fire Apparatus Replacement	3	2,500,000	500,000	500,000	500,000	500,000	500,000	2,500,000
(b) Fire Station 1 Facility Improvements	2	2,650,000	150,000	--	--	--	2,500,000	2,650,000
(c) Fire Station 4 Facility Improvements	1	400,000	400,000	--	--	--	--	400,000
(d) Fire Station 3 Facility Improvements	1	500,000	--	500,000	--	--	--	500,000
(e) Northwest Fire Station	2	2,500,000	--	--	--	--	2,500,000	2,500,000
TOTAL FIRE DEPARTMENT		8,550,000	1,050,000	1,000,000	500,000	500,000	5,500,000	8,550,000
TOTAL PUBLIC SAFETY		8,550,000	1,050,000	1,000,000	500,000	500,000	5,500,000	8,550,000
III. PUBLIC WORKS								
A. HIGHWAY DIVISION								
1. Facilities Improvement								
(a) Pavement Management Program	1	7,127,000	1,527,000	1,400,000	1,400,000	1,400,000	1,400,000	7,127,000
(b) Sidewalk Improvement Plan	1	100,000	25,000	25,000	25,000	25,000	--	100,000
(c) Infrastructure Security Improvements	1	100,000	50,000	50,000	--	--	--	100,000
(d) HVAC Repairs - Town Buildings	1	1,030,000	580,000	--	--	--	--	580,000
(e) Police Department Building Improvements	1	875,000	75,000	--	--	--	--	75,000
(f) Refurbish Metal Roofs on Bldgs. 1, 2 & 8	1	120,000	120,000	--	--	--	--	120,000
(g) School House #3 Improvements	1	90,000	30,000	30,000	30,000	--	--	90,000
(h) Rpl. Pedestrian Bridge at Countryside Park	1	27,000	27,000	--	--	--	--	27,000
(i) Fabric Arch Shelter over East Impound Area	1	60,000	60,000	--	--	--	--	60,000
TOTAL FACILITIES		9,529,000	2,494,000	1,505,000	1,455,000	1,425,000	1,400,000	8,279,000
2. Capital Equipment								
(a) Rpl. 2008 Ford Crown Victoria	1	50,000	50,000	--	--	--	--	50,000
(b) Rpl. 2013 Chevy Tahoe	1	50,000	50,000	--	--	--	--	50,000
(c) Rpl. 2007 Dump Truck Body #6AV	1	100,000	100,000	--	--	--	--	100,000
(d) Rpl. 2002 Sterling Dump Truck #7AV	1	210,000	210,000	--	--	--	--	210,000
(e) Rpl. 2000 Sterling Dump Truck #12AV	1	210,000	210,000	--	--	--	--	210,000
(f) Rpl. 2004 International Dump Truck #2AV	1	210,000	--	--	210,000	--	--	210,000
(g) Rpl. 2005 International Dump Truck #4AV	1	210,000	--	--	--	210,000	--	210,000
TOTAL EQUIPMENT		1,040,000	620,000	--	210,000	210,000	--	1,040,000
TOTAL HIGHWAY DEPART.		10,569,000	3,114,000	1,505,000	1,665,000	1,635,000	1,400,000	9,319,000
B. BUILDINGS & GROUNDS								
(a) Rpl. 2001 Utility Truck #19AV	1	60,000	60,000	--	--	--	--	60,000
(b) Rpl. 2008 Utility Truck	1	50,000	50,000	--	--	--	--	50,000
(c) Additional Dump Truck	1	60,000	60,000	--	--	--	--	60,000
(d) Rpl. 2001 Chevy Suburban #23AV	1	50,000	50,000	--	--	--	--	50,000
(e) Police Vehicles	1	233,000	233,000	--	--	--	--	233,000
TOTAL BLDG. & GROUND DEPT.		453,000	453,000	--	--	--	--	453,000
C. ENGINEERING DIVISION								
1. Pub. Facility Improv.								
(a) Reconstruction of Old Farms/Thompson Rd	1,4	8,750,000	3,300,000	250,000	5,200,000	--	--	8,750,000
(b) Rpl. Cider Brook Bridge - Cider Brook Rd	1,4	766,000	331,000	--	--	--	--	331,000
(c) Box Culvert - Tillotson Road	1,4	400,000	--	75,000	325,000	--	--	400,000
(d) Road Improvements - Cider Brook Road	1	950,000	--	--	450,000	--	500,000	950,000
(e) Install Box Culvert Thompson Road crossing Thompson Brook	1,4	415,000	--	--	--	15,000	400,000	415,000
(f) Road Improvement - Arch Road & Darling Drive Connector	1	305,000	--	--	--	5,000	300,000	305,000
(g) Lateral Extension Program	6,8	2,725,000	660,000	510,000	520,000	515,000	520,000	2,725,000
(h) Infiltration & Inflow Study	4,8	840,000	50,000	475,000	105,000	105,000	105,000	840,000
TOTAL ENGINEERING		15,151,000	4,341,000	1,310,000	6,600,000	640,000	1,825,000	14,716,000
TOTAL PUBLIC WORKS		26,173,000	7,908,000	2,815,000	8,265,000	2,275,000	3,225,000	24,488,000

III. HEALTH & SOCIAL SERVICE								
A. EQUIPMENT								
(1) 10 Pass. Van (Dial-a-Ride)	1	55,000	--	--	55,000	--	--	55,000
TOTAL HEALTH		55,000	--	--	55,000	--	--	55,000
IV. RECREATION & PARKS								
A. FACILITIES IMPROVEMENTS								
1. Farmington Valley Trail Fence Replacement	1	68,000	68,000	--	--	--	--	68,000
2. Buildings Renovations - Countryside Park	1	325,000	25,000	300,000	--	--	--	325,000
3. Recreation Master Plan	1	30,000	30,000	--	--	--	--	30,000
4. Prelim. Planning & Eng. - Buckingham Rec.	1	25,000	--	25,000	--	--	--	25,000
5. Shade Shelters at Sycamore Hills Pools	1	40,000	--	40,000	--	--	--	40,000
6. Paint Sycamore Hills Pools	1	35,000	--	--	35,000	--	--	35,000
7. Tennis Court Resurface Sycamore Hills	1	25,000	--	--	25,000	--	--	25,000
8. Thompson Rd Recreation Area Irrigation Sys.	1	250,000	--	--	--	250,000	--	250,000
9. Accessible Playscape at Sycamore Hills	1	60,000	--	--	--	60,000	--	60,000
10. Dog Park	1	55,000	--	5,000	--	50,000	--	55,000
11. Ball Field Construction - Sperry Park	1,7	275,000	--	25,000	--	--	250,000	275,000
TOTAL RECREATION		1,188,000	123,000	395,000	60,000	360,000	250,000	1,188,000
TOTAL TOWN		41,834,964	9,899,964	5,010,000	8,880,000	3,135,000	8,975,000	35,899,964
V. BOARD OF EDUCATION								
A. EQUIPMENT								
1. Rpl. 77 Passenger Activity Bus	1	40,000	--	--	40,000	--	--	40,000
2. Rpl. 2006 GMC BOE Truck	1	80,000	--	--	80,000	--	--	80,000
		120,000	--	--	120,000	--	--	120,000
B. PUBLIC BLDG. IMPROVEMENTS								
RBS - Roof Replacement	1	605,000	605,000	--	--	--	--	605,000
AMS - Front Entryway and Walkway Paver Rpl.	1	130,000	130,000	--	--	--	--	130,000
RBS - Intrusion Alarm Replacement	1	30,000	30,000	--	--	--	--	30,000
AHS - HVAC Air Handling/Roof Top Units	1	1,125,000	250,000	425,000	450,000	--	--	1,125,000
District Wide Security Upgrades	1	635,000	60,000	50,000	50,000	--	--	160,000
District Wide Interior Building Lighting (LED)	1	160,000	40,000	40,000	40,000	40,000		160,000
PGS - Notification System Replacement	1	255,000	--	255,000	--	--	--	255,000
AMS - Entrance Foyer	1	70,000	--	70,000	--	--	--	70,000
AHS - Partial Roof Design and Replacement	1	1,040,000	--	40,000	500,000	500,000	--	1,040,000
AHS - Outdoor Restroom Facility	1	200,000	--	--	200,000	--	--	200,000
Carpet Replacement - Libraries	1	150,000	--	--	50,000	50,000	50,000	150,000
RBS - Replace PreK Playground	1	100,000	--	--	100,000	--	--	100,000
RBS - Remodel Kitchen	1	100,000	--	--	--	100,000	--	100,000
TBS - Roof Design and Replacement	1	1,040,000	--	--	--	40,000	500,000	540,000
TBS - HVAC Air Handling & Roof Top Unit Rpl.	1	600,000	--	--	--	300,000	300,000	600,000
SUBTOTAL BOE FACILITIES		6,240,000	1,115,000	880,000	1,390,000	1,030,000	850,000	5,265,000
TOTAL BOARD OF EDUCATION		6,360,000	1,115,000	880,000	1,510,000	1,030,000	850,000	5,385,000
TOTAL TOWN AND BOE		48,194,964	11,014,964	5,890,000	10,390,000	4,165,000	9,825,000	41,284,964
* SOURCE OF FUNDS:								
(1) General Revenues	(5) Federal Aid			(a) Facilities				
(2) Long Term Bonds	(6) Special Assessments			(b) Equipment				
(3) Short Term Notes	(7) Other			(c) CNREF				
(4) State Aid	(8) Sewers							
**The total of this column will not match the comparison sheet on page R. 8 because it includes several projects that will be funded from short-term and long-term bonds as well as from cash. Also included are CIP projects not in cash, projects from prior years, and future projects.								

FY 2020/2021 CIP Approved Projects - March Version						Revised 3/5/2020	
	Facilities						
		Town					
02-4831-53003	Fund 2	Road Improvements			-		
08-4831-53003	Fund 8	Road Improvements			132,623		
11-8501-52189	Fund 11	Road Improvements			127,104		259,727
02-4829-53404	Fund 2	AVFD Facility Improvements			-		
02-4829-53419	Fund 2	HVAC Repairs - Town Buildings			1,358,228		
02-4829-53426	Fund 2	Countryside Park Improvements *			35,000		
02-4829-53082	Fund 2	Patrol Building Improvements			75,000		1,468,228
02-4829-53393	Fund 5	Infiltration and Inflow Study			50,000		
02-4829-53392	Fund 5	Lateral Extension Program			660,000		710,000
	BOE						
02-4859-53325	Fund 2	RBS Roof Replacement - Phase II			210,000		
02-4859-53427	Fund 2	AMS Entryway Paver Rpl.			-		
02-4859-53114	Fund 2	BOE Security Improvements			60,000		
02-4859-53306	Fund 2	RBS Intrusion Alarm			-		270,000
					Sub-Total	2,707,955	
	Equipment						
	Town						
02-4837-53338	Fund 2	2002 Sterling Dump Replacment (Highways)			210,000		
02-4837-53429	Fund 2	Police Vehicles			116,000		
02-4837-53009	Fund 2	Fire Apparatus			205,000		
02-4837-53338	Fund 2	2007 DumpTruck Body (Highways)			-		
02-4837-53339	Fund 2	2001 Utility Truck (Buildings & Grounds)			-		
02-4837-53339	Fund 2	2003 Utility Truck (Buildings & Grounds)			-		
					Sub-Total	531,000	
	BOE						
		NONE					
	CNREF						
	Town						
03-4930-53430	Fund 3	Cider Brook Bridge Replacement			331,000		
					Sub-Total	331,000	
					Total	3,569,955	
* For architectural services to be funded from Fund 9 - Recreation Activities							

VI. DEBT SUMMARY

Principal Amount of Indebtedness

As of June 16, 2020

(Pro Forma)

Long-Term Debt

<u>Dated Date</u>	<u>Purpose ¹</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding (Pro Forma)</u>	<u>Date of Fiscal Year Maturity</u>
10/30/12	General Purpose	2.00	\$ 7,100,000	\$ 4,175,000	2028
3/15/16	School – Refunding	2.00-4.00	10,436,000	10,308,000	2027
3/15/16	General Purpose – Refunding	2.00-4.00	964,000	952,000	2027
7/18/18	General Purpose	1.75	1,600,000	1,300,000	2026
	Sub-Total		<u>20,100,000</u>	<u>16,735,000</u>	
<u>This Issue</u>					
6/16/2020	General Purpose	4.00 – 2.00	280,000	280,000	2035
6/16/2020	Schools	4.00 – 2.00	2,995,000	2,995,000	2035
	Sub-Total		<u>3,275,000</u>	<u>3,275,000</u>	
	Total Bonds		<u>\$23,375,000</u>	<u>\$20,010,000</u>	

Short-Term Debt

None

Other Long-Term Commitments

Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of certain computer equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. At June 30, 2019, the assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$984,615
Less accumulated depreciation	<u>(542,939)</u>
Net Book Value	<u>\$441,676</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$241,842
2021	111,188
2022	70,996
Less amount for interest	<u>(25,529)</u>
Minimum lease Payments	<u>\$398,497</u>

Subsequent Event

At a Town Council meeting held on April 29, 2020 \$533,521 a three-year lease purchase agreement at 2.64% was approved to acquire a Rescue Fire Truck for the Avon Volunteer Department. Annual payments would amount to \$187,326.33 for a lease dated July 1, 2020. The truck replaces the current truck that is 34 years old and has surpassed the end of its useful life. The current truck does not meet current standards, lacks sufficient safety equipment, and needs close to \$100,000 worth of work in order to make it operate as it should.

Annual Bonded Debt Maturity Schedule

As of June 16, 2020

(Pro Forma)

Fiscal Year Ending 6/30	Principal ²	Interest	Total	Pro Forma	
				This Issue	Cumulative Percent Principal Retired
2021	\$ 2,425,000	\$ 444,900	\$ 2,869,900	\$ 220,000	13.22
2022	2,320,000	389,225	2,709,225	220,000	25.91
2023	2,315,000	327,450	2,642,450	220,000	38.58
2024	2,320,000	257,700	2,577,700	220,000	51.27
2025	2,320,000	195,850	2,515,850	220,000	63.97
2026	2,360,000	133,200	2,493,200	220,000	76.86
2027	2,175,000	53,500	2,228,500	220,000	88.83
2028	500,000	10,000	510,000	220,000	92.43
2029	--	--	--	220,000	93.53
2030	--	--	--	220,000	94.63
2031	--	--	--	215,000	95.70
2032	--	--	--	215,000	96.78
2033	--	--	--	215,000	97.85
2034	--	--	--	215,000	98.93
2035	--	--	--	215,000	100.00
Totals	\$16,735,000	\$1,811,825	\$18,546,825	\$3,275,000	

¹ Excludes \$ 2,535,000 of principal and \$501,692 of interest due and paid in fiscal year 2020

Overlapping/Underlying Debt

The following table of jurisdictions with boundaries overlapping or underlying Town boundaries is based upon information received by the Town from sources specified below. The table does not reflect authorized but unissued indebtedness of those jurisdictions. Avon has not assumed responsibility to verify this information.

Overlapping Debt

The Town of Avon has no overlapping debt.

Underlying Debt

The below-listed Special Tax Districts coterminous with or within the Town may issue their own tax-exempt debt. Such indebtedness, if any, represents underlying debt to the Town of Avon.

Special Tax Districts	Outstanding Debt As of June 16, 2020
Farmington Woods Tax District	None
Hunter's Run Tax District	None
Pond Place Tax District	None
Secret Lake Association, Inc.	None

Farmington Woods Tax District lies within both the Towns of Avon and Farmington. As of the 10/1/19 assessment date, \$133,993,550 of the District's net taxable property was located in Avon and \$22,947,870 in Farmington. Consequently, 85.38% of any District indebtedness would be treated as underlying debt of the Town of Avon and 14.62% as underlying debt of the Town of Farmington. As of June 16, 2020, the District has no outstanding indebtedness.

Debt Statement
As of June 16, 2020
(Pro Forma)

LONG-TERM DEBT	
General Purpose (Includes \$280,000 of this issue).....	\$ 6,707,000
Schools (Includes \$2,995,000 of this issue).....	13,303,000
TOTAL LONG-TERM DEBT	20,010,000
SHORT-TERM DEBT	--
TOTAL DIRECT AND NET DIRECT DEBT	20,010,000
Underlying Debt.....	None
TOTAL OVERALL NET DEBT	20,010,000

Current Debt Ratios
As of June 16, 2020
(Pro Forma)

Population ¹	18,338
Net Taxable Grand List (10/1/19) ²	\$2,572,968,792
Estimated Full Value (70%)	\$3,675,669,703
Equalized Net Taxable Grand List (2017) ³	\$3,693,549,949
Money Income per Capita (2018) ⁴	\$ 72,594

	Total Direct Debt \$20,010,000	Total Net Direct Debt \$20,010,000	Total Overall Net Debt \$20,010,000
Per Capita	\$1,091.18	\$1,091.18	\$1,091.18
Ratio to Net Taxable Grand List	0.78%	0.78%	0.78%
Ratio to Estimated Full Value	0.54%	0.54%	0.54%
Ratio to Equalized Net Taxable Grand List.....	0.54%	0.54%	0.54%
Debt per Capita to Money Income per Capita	1.50%	1.50%	1.50%

¹ US Department of Commerce, Bureau of Census, American Community Survey, 2014-2018

² Revalued 10/1/18

³ Office of Policy and Management, State of Connecticut; Assessor's Office, Town of Avon

⁴ US Department of Commerce, Bureau of Census, American Community Survey, 2014-2018

Bond Authorization Procedure

Any appropriation and authorization for bonds must be approved by the Town Council and the Board of Finance. The Board of Finance recommends action to a Town Meeting which must approve the resolution by a majority of those qualified voters present. If the resolution calls for an appropriation less than 1/10 of one percent (0.1%) of the current Grand List, the vote of the Town Meeting is sufficient for passage. If the appropriation equals or exceeds 1/10 of one percent (0.1%) of the current Grand List, a machine vote by qualified voters is required. The resolution must be passed by a majority of those voting.

Emergency Appropriations

To meet a public emergency affecting life, health, property, or the public peace, a public emergency ordinance, stating the facts constituting such public emergency, becomes effective upon enactment. No public hearing or notice of public hearing is required for any public emergency ordinance. A public emergency ordinance must be advertised in one or more newspapers having a circulation in the Town within five days of adoption. Every such public emergency ordinance, including any amendments thereto, is automatically repealed at the termination of the sixty-first day following adoption; provided, however, that if action has been initiated on the same subject matter providing for a permanent ordinance prior to the sixty-first day, then the public emergency ordinance remains in full force until final action is taken on the permanent ordinance.

Maturities

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than fifty percent or aggregate annual principal and interest payments

must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer bonds and certain school bonds which may mature in up to thirty years.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third and each subsequent year in an amount equal to a minimum of 1/20th (1/30th for water and sewer and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes may be issued in one year maturities for up to fifteen years in anticipation of water or sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Debt and Lease Policies

On April 9, 2008, the Town Council, and on April 23, 2008, the Board of Finance approved an operating policy defining the conditions under which the Town would enter into operating leases (as opposed to capital leases). On April 28, 2008, the Board of Finance, and on May 1, 2008, the Town Council adopted a comprehensive debt policy that defines under what circumstances and under what limitations the Town would issue short-term and/or long-term debt. See https://www.avonct.gov/sites/avonct/files/uploads/tabs_-_supplemental_data_may_19-20.pdf pages S17 – S24.

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of notes or bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Pension Obligation Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation.

"Annual receipts from taxation," (the "base") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires, and pipes; for the construction of underground conduits for cables, wires, and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also permit the exclusion of debt authorized but unissued in the case where there are no borrowings outstanding against an authorization.

Statement of Statutory Debt Limitation

As of June 16, 2020

(Pro Forma)

Total Tax Collections (Including interest and lien fees) received by Town for fiscal year ended June 30, 2019	\$82,515,760
Total Tax Collections (Including interest and lien fees) received by all taxing districts within Town for fiscal year ended June 30, 2019	4,023,698
Reimbursement for revenue loss – Tax Relief for the Elderly	--
BASE.....	<u>\$86,539,460</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
DEBT LIMITATION:					
2.25 times base.....	\$194,713,785	--	--	--	--
4.50 times base.....	--	\$389,427,570	--	--	--
3.75 times base.....	--	--	\$324,522,975	--	--
3.25 times base.....	--	--	--	\$281,253,244	--
3.00 times base.....	--	--	--	--	\$259,618,380
Total debt limitation	<u>194,713,785</u>	<u>389,427,570</u>	<u>324,522,975</u>	<u>281,253,244</u>	<u>259,618,380</u>
INDEBTEDNESS:					
Bonds Outstanding.....	6,427,000	10,308,000	--	--	--
Bonds – This Issue	280,000	2,995,000	--	--	--
Authorized but Unissued	<u>3,610,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Net Indebtedness for					
Debt Limitation Calculation	<u>10,317,000</u>	<u>13,303,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS	<u>\$184,396,785</u>	<u>\$376,124,570</u>	<u>\$324,522,975</u>	<u>\$281,253,244</u>	<u>\$259,618,380</u>

Note: Although total net indebtedness for the purpose of calculating the Debt Limit amounts to \$23,620,000, total indebtedness for all classes cannot exceed seven times the base or \$590,060,653.

THE TOWN OF AVON, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Authorized but Unissued Debt

As of June 16, 2020

(Pro Forma)

			<u>Authorized/Unissued</u>	
<u>Project</u>	<u>Authorized</u>	<u>Bonds Issued</u>	<u>General Purpose</u>	<u>School</u>
Emergency Communications System	<u>\$3,890,000</u>	<u>\$280,000</u>	<u>\$3,610,000</u>	<u>--</u>

Principal Amount of Outstanding Debt

Last Five Fiscal Years

As of June 30

(Pro Forma)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Long-Term Debt</u>					
Bonds	\$19,270,000	\$19,890,000	\$22,110,000	\$24,475,000	\$27,635,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes ...	--	--	--	--	--
Totals	<u>\$19,270,000</u>	<u>\$19,890,000</u>	<u>\$22,110,000</u>	<u>\$24,475,000</u>	<u>\$27,635,000</u>

Ratios of Net Direct Overall Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Net Direct Long-Term Debt	Ratio of Direct Long-Term Debt to Assessed Value (%)	Ratio of Direct Long-Term Debt to Estimated Full Value (%)	Net Direct Long Term Debt per Capita	Ratio of Direct Long-Term Debt per Capita to per Capita Income (%) ³
2019	\$2,615,626,400	\$3,736,609,143	\$19,270,000	0.74	0.52	\$1,050.82	1.45
2018	2,611,686,210	3,730,980,300	19,890,000	0.76	0.53	1,084.63	1.49
2017	2,592,702,830	3,703,861,186	22,110,000	0.85	0.60	1,205.69	1.66
2016	2,577,798,250	3,682,568,929	24,475,000	0.95	0.66	1,334.66	1.84
2015	2,559,080,530	3,655,829,329	27,567,956	1.08	0.75	1,503.32	2.07
2014	2,688,826,620	3,841,180,886	30,342,956	1.13	0.79	1,654.65	2.28
2013	2,668,106,790	3,811,581,129	33,237,956	1.25	0.87	1,812.52	2.50
2012	2,668,107,050	3,811,581,500	29,502,956	1.11	0.77	1,608.84	2.22
2011	2,618,153,660	3,740,219,514	32,864,000	1.26	0.88	1,792.13	2.47
2010	2,605,775,050	3,722,535,786	36,342,378	1.39	0.98	1,981.81	2.73

¹ Assessment Ratio: 70%.

² Population: 18,338 - US Department of Commerce, Bureau of Census, American Community Survey 2014-2018

³ Money Income per Capita 2017: \$72,594: US Department of Commerce, Bureau of Census, American Community Survey 2014-2018

Note: Excludes capital lease payments.

Ratios of Annual Long-Term General Fund Debt Service Expenditures to General Fund Expenditures ¹

Fiscal Year Ended 6/30	Long-Term General Fund Debt Service	Total General Fund Expenditures	Ratio of Long-Term General Fund Debt Service To Total General Fund Expenditures (%)
2019 ²	\$2,755,750	\$92,857,821	2.97
2018	2,818,850	97,654,602	2.89
2017	3,029,750	94,801,184	3.20
2016	3,538,631	88,570,303	4.00
2015	3,647,488	87,235,861	4.18
2014	3,858,788	83,115,813	4.64
2013	4,511,052	73,903,075	6.10
2012	4,648,029	73,665,989	6.31
2011	4,776,412	69,814,606	6.84
2010	5,080,764	68,955,268	7.37

¹ Also includes Transfers Out.

² Estimated unaudited

Note: Excludes capital lease payments

VII. LEGAL AND OTHER INFORMATION

Litigation

The Town Attorney has advised that the Town of Avon, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. After consultation with Town officials and with other attorneys with regard to these pending lawsuits, it is the opinion of the Town Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents Furnished at Delivery

The winning bidder will be furnished the following documents when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town signed by the Town Manager, Treasurer, and Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement and which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds were accepted the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form set out in Appendix B herein.
5. An executed Continuing Disclosure Agreement for Bonds substantially in the form attached as Appendix C hereto.
6. The Town of Avon, Connecticut has prepared an Official Statement for the Bond issue which is dated June 2, 2020. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(5), but it is subject to revision or amendment. The Town will make available a reasonable number of copies of the final Official Statement to the winning bidder at the Town's expense no later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town authorizing the Bonds will be kept on file at the office of US Bank, National Association Corporate Trust, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town of Avon by the following officials:

TOWN OF AVON, CONNECTICUT

/s/ Brandon L. Robertson

BRANDON L. ROBERTSON, *Town Manager*

/s/ James R. McCarthy

JAMES R. MCCARTHY, *Treasurer*

/s/ Margaret Colligan

MARGARET COLLIGAN, *Director of Finance*

June 2, 2020

APPENDIX A

BASIC FINANCIAL STATEMENTS

TOWN OF AVON, CONNECTICUT

As of and for the Fiscal Year Ended June 30, 2019

Independent Auditors' Report

To the Board of Finance
Town of Avon, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Avon, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 17, 2019

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

As management of the Town of Avon, we offer readers of our financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the Town of Avon exceeded its liabilities at the close of the 2019 fiscal year by \$90,782,056 (net position). Of this amount, \$34,573,019 (unrestricted net position) is in a negative amount primarily attributable to the recognition of pension and postemployment benefits on a government wide basis as required by GASB.
- Total net position increased \$3,218,650 due to favorable results in tax collections, operating grants and contributions, investment income, and favorable expenditure variances. Education expenses and operating grants and contributions program revenues, which reflects the "on behalf" contributions to the state teacher retirement program and OPEB, reports a decrease. This is due to an agreement, negotiated between the State and the state employee bargaining units, to allow administrative changes to the OPEB Plan resulting in a decrease in the liabilities.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$23,407,015, an increase of \$1,065,095 in comparison from last year's \$22,341,920. Of this total amount, \$120,225 is nonspendable (prepaid, inventory, or restricted), \$1,111,995 use is restricted by governmental grants or other legal restriction, \$9,366,115 is committed by the Town Council (budget-making authority), \$1,902,980 is assigned and \$11,175,459 of General Fund and (\$269,759) in CIFA is available for spending at the government's discretion (unassigned fund balance). In CIFA (\$269,759) unassigned fund balance is a negative amount due the funding plan of two December 12, 2018 referendum approved projects for a total amount of \$6,885,000, with an inter-fund loan, until permanent financing is in place.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,175,459 or 12.03% of total General Fund expenditures and transfers out of \$92,857,821, including the State's contribution and offsetting expenditures for teacher's retirement and OPEB.
- Total debt decreased by \$759,945 or -3.59% to \$20,389,740 (including amortized bond premium) during the current fiscal year, offset by a new issue of a \$1,600,000 general obligation direct placement bond for a land purchase.

Overview of the Basic Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Avon's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, health and social services, recreation and parks, education - cultural (library), conservation and development, Board of Education and interest expense. The government-wide financial statements can be found on Exhibits I and II of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, a proprietary fund and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and CIFA (Capital Improvement Fund Account), both of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages starting with Exhibit III of this report.

Proprietary Fund. The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits. These services benefit governmental functions, thus, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages Exhibits VI through VIII of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits IX and X of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages A-29 - A-74 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages A-75 - A-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 90-117 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Avon, our assets exceeded liabilities by \$90,782,056 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position reflects the investment in capital assets (e.g., land, buildings and improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. Avon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	2019	2018
Current assets	\$ 39,638,168	\$ 35,997,591
Capital assets, net of accumulated depreciation	145,356,991	143,646,167
Total assets	<u>184,995,159</u>	<u>179,643,758</u>
Deferred outflows of resources	<u>2,969,957</u>	<u>1,833,435</u>
Long-term liabilities outstanding	77,092,170	79,887,071
Other liabilities	11,489,507	10,445,839
Total liabilities	<u>88,581,677</u>	<u>90,332,910</u>
Deferred inflows of resources	<u>8,601,383</u>	<u>3,580,877</u>
Net Position:		
Net investment in capital assets	125,283,735	122,926,656
Nonexpendable - purposes of trust	71,340	66,141
Unrestricted	<u>(34,573,019)</u>	<u>(35,429,391)</u>
Total Net Position	<u>\$ 90,782,056</u>	<u>\$ 87,563,406</u>

The Town's net position increased by \$3,218,650 during the current fiscal year. Of this amount, \$34,573,019 (unrestricted net position) is a negative amount as a result of the recognition of the pension obligation and the recording of the net OPEB liability as required by GASB. The Town generated net general revenues of \$84,372,420 and net general expenses of \$81,153,770. Gross expenses of \$96,703,068 were offset by \$7,229,361 in charges for services, \$8,167,627 in operating grants and contributions, and \$152,310 in capital grants and contributions. Of the net expenses, the largest amount was \$57,652,896, which was for the operating of the Town's school system. Net public safety expenses of \$10,666,714, net general government costs of \$3,356,720, net public works costs of \$5,482,779, net educational – cultural expenses of \$1,814,930, recreation and parks expenses of \$814,934, net conservation and development costs of \$651,939, health and social services expenses of \$455,560, and interest expense of \$257,298 accounted for almost all net expenses. The majority of the Town's revenue was \$82,628,403 in property tax collections, \$15,549,298 in charges for services and grants, and \$1,744,017 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net position by \$3,218,650. Key elements of this decrease are as follows:

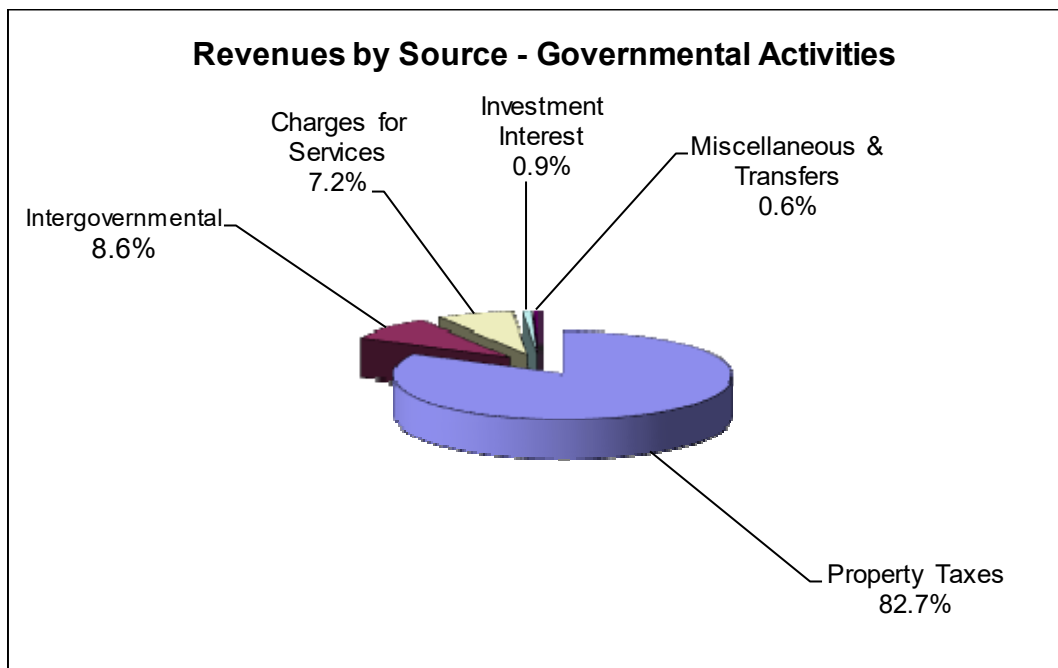
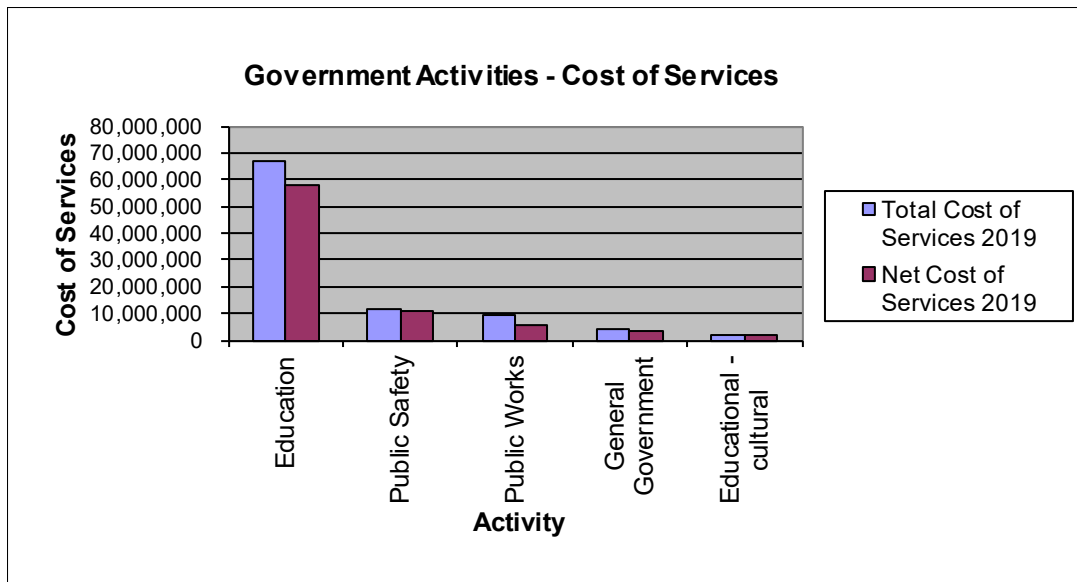
	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 7,229,361	\$ 5,637,127
Operating grants and contributions	8,167,627	16,145,045
Capital grants and contributions	152,310	550,371
General revenues:		
Property taxes	82,628,403	80,382,156
Grants and contributions not restricted to specific programs	275,936	287,610
Investment income	921,647	586,602
Miscellaneous	546,434	331,273
Total revenues	<u>99,921,718</u>	<u>103,920,184</u>
Program Expenses:		
General government	4,081,541	5,259,593
Public safety	11,561,883	10,615,016
Public works	9,520,951	9,562,683
Health and social services	487,032	604,707
Recreation and parks	1,291,138	1,309,141
Education - cultural	1,827,791	1,487,041
Conservation and development	661,503	539,068
Board of Education	67,013,931	71,881,545
Interest expense	257,298	519,206
Total program expenses	<u>96,703,068</u>	<u>101,778,000</u>
Change in net position	3,218,650	2,142,184
Net Position - Beginning of Year	<u>87,563,406</u>	<u>85,421,222</u>
Net Position - End of Year	<u>\$ 90,782,056</u>	<u>\$ 87,563,406</u>

On the revenue side, Property taxes, which comprises 82.7% of Town revenues, increased by \$2,246,247 (2.79%) to \$82,628,403 due to high collections on the current levy (99%), supplemental motor vehicle, and interest and penalties. The mill rate increased 2.48% over the prior year and was set to meet an adopted budget expenditure increase of 2.21%. Charges for services saw an increase of \$1,592,234. General government reported a slight increase in recording and conveyance and public safety reported an increase in permit activity, dominated by commercial and other types of residential permit activity. Public works reported decreased activity in landfill fees, and education reported an increase in fees for various programs partially funded by parents, students, and inter-district tuition payments. Operating grants and contributions decreased \$7,977,418, primarily due to the recording of the "on-behalf" payments (\$4,112,913) made by the State, towards the teacher's retirement (\$10,073,454), and the teacher's OPEB benefit (-\$5,960,541). The "on-behalf" payments were unique in fiscal year 2019, because an agreement, negotiated between the State and the state employee bargaining units, to allow administrative changes to be made to the OPEB plan, resulted in a decrease in the liabilities. There were other education program grants reduced from the prior year. Program revenues for public works grants remained level. Capital grants and contributions decreased \$398,061 due to a reduction in public works grants, for capital projects for road and bridge construction. Investment Income increased \$335,045 due to higher interest rates. Miscellaneous revenues increased in the amount of \$215,161 due to unexpected one-time revenues that did not occur in 2018 but were received in 2019.

Major program expenses in 2019 were about the same to slightly lower for public works, health and social services, and recreation and parks. General Government costs decreased \$1,178,052 due to a vacant full-time Human Resource director position, and related benefit costs, and various vacant part-time positions. Public safety costs increased \$946,867, with continued increased hydrant and water main rental fees, as well as overtime and related benefit costs. Educational-cultural expenses increased \$340,750, due to expanded staffing needs in the Avon Free Public Library. Conservation and Development increased \$122,435, relating to consulting engineering services in connection with the Avon Village Center Project. The Board of Education program expenses decreased \$4,867,614 due to the recording of the "on-behalf" payments (\$4,112,913) made by the State, towards the teacher's retirement (\$10,073,454), and the teacher's OPEB benefit (-\$5,960,541). The "on-behalf" payments were unique in fiscal year 2019, because an agreement, negotiated between the State and the state employee bargaining units, to allow administrative changes to be made to the OPEB plan, resulted in a decrease in the liabilities. Interest expense showed a decrease of \$261,908 due to pay down of capital lease obligations.

There continues to be community expectations for a rate of tax growth that approximates inflation with accompanying requests for additional and higher quality services by our residents. In response to these trends, the Town's budget included a mix of initiatives, which are designed to reduce taxpayer costs in some areas, but also increase services where needed in others. Some examples are continued restructured staffing arrangements in Public Safety (Protection and Communication), continued cross training of staff in Conservation and Development (Department of Planning and Community Development), a continued shift of recreation activity and park maintenance costs from the General Fund to be supported by user fees in the Recreation Activities Fund (Special Revenue Fund), continued planning with area towns for shared services arrangements, and increased hours for part-time positions in the Library in an attempt to limit full-time personnel increases with the accompanying benefit costs. The Town has undertaken a conscious policy of trying to restrain the rate of growth in the number of people employed by the Town by seeking alternative methods of service delivery. This has been done by establishing contractual relationships for landscaping and custodial work, bidding snowplowing/sanding on some roads and contracting certain landfill recycling programs.

The following chart presents the costs of each of each of the Town's five largest programs as well as each program's net expenses (total expenses less revenues generated by the activities). The net expenses show the financial burden that was placed on the Town's taxpayers by each of these functions.



The majority of Avon's operating revenues come from property taxes levied on residents' homes, commercial and personal property, and motor vehicles. Roughly 68% of the service charges, \$4,915,407, are generated by public works, public safety and general government. The Board of Education contributed \$1,783,853 or 25% in service fees as well. Avon has never been reliant on state and federal grants that, while helpful in keeping our overall costs down, do not contribute significantly to total revenues.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Avon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Avon's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing our financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, our governmental funds reported combined ending fund balances of \$23,407,015, an increase of \$1,065,095 in comparison with the prior year. Of this total amount, \$120,225 is nonspendable (prepaid and inventory), \$1,111,995 use is restricted by governmental grants or other legal restriction, \$9,366,115 is committed by the Town Council (budget-making authority), \$1,902,980 is assigned and \$11,175,459 of General Fund is available for spending at the government's discretion (unassigned fund balance). In CIFA (\$269,759), unassigned fund balance, available for spending at the government's discretion, is a negative amount due the funding plan of two referendum-approved projects with an inter-fund loan, until permanent financing is in place.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,175,459, while total fund balance reached \$13,121,733. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.03% of total General Fund expenditures and transfers out of \$92,857,821, while total General Fund balance represents 14.13% of that same amount.

The fund balance of Avon's General Fund increased by \$1,196,610 during the current fiscal year. Key factors contributing to this increase were favorable revenues in tax collections, intergovernmental revenues, and investment income, along with favorable expenditure variances in every department. Additional fund balance assignments were approved for funding new Town Clerk MERS account (\$19,278), funding future capital assets (\$21,000), funding a future 27th payroll (\$25,000), funding future OPEB liability (\$150,000), funding defined benefit pension contributions (\$200,000), funding public safety personnel matters (\$300,000), and funding the Debt Service Fund for future retirement expenditures (\$220,500), all offset by favorable revenues and positive expenditure variances. It should be noted that there were no supplemental appropriations made during the year requiring the use of unassigned fund balance. \$958,759 in encumbrances from 2019 are authorized to be carried over to the following fiscal year, classified as assigned amounts in the General Fund.

The Capital Improvement Fund Account (CIFA) is one of Avon's major governmental funds. Most of the Town's major capital expenditures are processed through this account. Bond anticipation notes (BAN) and bond proceeds are also handled in the CIFA account. Fund balance decreased \$869,680, from \$6,764,567 to \$5,894,887. This was due to substantial completion of certain projects, such as the Fire Self-Contained Breathing Apparatus (SCBA), \$338,807, and the addition of the AHS Synthetic Turf Field and Track Improvement Project (approved at the December 12, 2018 referendum). The synthetic turf and track project generated expenditures due to timing concerns: it was logical to initiate the project during the unusually mild weather and during the students' summer break. Thus, the work was started prior to the Town issuing permanent financing. As the Town's debt service obligations decrease, the operating funds are shifted to CIFA to finance the cash "pay-as-you-go" projects. The CIFA Fund Balance of \$5,894,887 is committed for capital projects.

Proprietary Funds. The Town of Avon's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Avon uses an internal service fund to self-fund employee medical insurance for the Town and the Board of Education.

Net position of the Internal Service Fund at the end of the year amounted to \$2,608,964. The total change in net position for the fund was a decrease of \$199,752. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$8,715,099. Operating expenses for medical claims were \$8,914,851.

General Fund Budgetary Highlights

The original budget of \$87,295,662 increased \$738,027 during the year to \$88,033,689. The significant supplemental and additional appropriations are noted below:

Revenues

- \$200,000 addition from assignment for pension contributions;
- \$168,000 addition from assignment for post-employment benefits;
- \$113,024 addition from intergovernmental education program grants for Open Choice revenues to provide special education tuition, professional development and personal services for the school district;
- \$101,000 addition from assignment for other post-employment benefits for future liabilities passed through to OPEB Trust Fund;
- \$100,000 addition from assignment for capital reserve;
- \$30,000 addition in other local revenues from a property developer for technical consulting services performed in a review of complex land use applications;
- \$19,753 addition from intergovernmental Youth Services Bureau Grant;
- \$6,000 addition from an intergovernmental Justice Assistant Grant (JAG);
- \$250 addition in other local revenues donations from private source;

Expenditures

- \$200,000 for funding Town employee retirement expenditures, all departments;
- \$168,000 for funding Town employee future retiree health benefits, all departments;
- \$113,024 for funding programmatic and special education needs, professional development and personnel costs to Avon Public Schools;
- \$101,000 for funding Town other post-employment benefits, all departments, passed through to OPEB Trust Fund;
- \$100,000 for planned funding for a portion of a Capital Improvement Fund Fisher Meadow Irrigation project;
- \$30,000 to fund technical consulting services for conservation and development;
- \$19,753 for health and social services to fund the Youth Services Program;
- \$6,000 for upgrading equipment and accessories for public safety community policing efforts;
- \$250 for funding Avon Volunteer Fire Department fire police activities.

Of the increase, \$138,777 was funded from intergovernmental increases in various grants, and \$30,250 was funded from other local revenues, with detail as provided in the highlights above. \$569,000 was funded from other financing sources, various assignments with the detail provided shown in the first, second and fifth bullet under General Fund Budgetary Highlights, Revenues and in the first, second and fifth bullet under Expenditures. \$101,000 was a planned transfer in, with the detail provided for in the fourth bullet under General Fund Budgetary Highlights, Revenues, and in the fourth bullet under Expenditures.

Capital Asset and Debt Administration

Capital Assets. The Town of Avon's investment in capital assets for its governmental assets includes land, buildings and improvements, land improvements, equipment, vehicles and infrastructure (roads, sewer lines, storm drains). The total net increase in our investment in capital assets for the current fiscal year was \$1,710,824 (1.19%). Multi-year projects carried in the capital asset category of construction in progress were transferred to their appropriate asset class, along with accumulated depreciation, which diluted the capital asset addition amount.

Major capital asset events during the current fiscal year included the following:

- Land Acquisition of 38 acres \$2,000,000;
- Synthetic Turf Field and Track Improvements Project at high school \$830,088;
- School district-wide security upgrades at a cost of \$671,460;
- Purchased radio equipment for police \$345,195;
- Fire Department Self-Contained Breathing Apparatus \$338,807;
- Fire engine replacement for \$269,624;
- Fisher Meadows Field Expansion \$169,888;
- Fisher Meadows Irrigation Improvements \$152,566;
- Municipal Parking Lot Improvements \$93,918;
- Old Farms Road Bridge, Relocation, Reconstruction Projects, at a cost of \$78,800;
- Mower replacement \$77,001;
- Purchased Police utility vehicle costing \$39,519.

	Governmental Activities	
	2019	2018
Land	\$ 7,662,553	\$ 7,662,553
Construction in progress	12,399,397	9,995,128
Land improvements	1,237,371	962,953
Buildings and improvements	81,739,786	84,272,303
Equipment	4,591,239	4,325,188
Vehicles	2,686,564	1,346,173
Infrastructure	35,040,081	35,081,869
Total	\$ 145,356,991	\$ 143,646,167

Additional information on the Town of Avon's capital assets can be found in Note 3C on page A-41 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$19,270,000 of long-term general obligation bonded debt issued and outstanding. All of the Town's debt is general obligation and backed by the full faith and credit of the Town.

**OUTSTANDING DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2019**

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Date of Fiscal Year Maturity</u>
10/15/09	Town Hall Renovations	2.00-3.25	\$ 2,295,000	\$ 145,000	2020
10/15/09	High School Renovations	2.00-3.25	23,218,000	1,490,000	2020
10/15/09	AMS Roof	2.00-3.25	2,372,000	150,000	2020
10/30/12	AFPL Renovations, Additions, Improvements	2.00	7,100,000	4,625,000	2028
3/15/16	General Purpose Refunding	2.00-4.00	964,000	952,000	2027
3/15/16	High School Refunding	2.00-4.00	9,423,000	9,307,000	2027
3/15/16	AMS Roof Refunding	2.00-4.00	1,013,000	1,001,000	2027
7/01/18	Land Purchase 2018	1.75	<u>1,600,000</u>	<u>1,600,000</u>	2026
Total Bonds			\$ <u>47,985,000</u>	\$ <u>19,270,000</u>	

The Town of Avon's total debt decreased by \$2,406,232 (2.90%) during the current fiscal year primarily due to the \$2,220,000 pay down of principal, offset by new debt dated July 18, 2018 for a \$1,600,000 general obligation direct placement bond. Avon has earned the highest credit rating possible: "Aaa" from Moody's Investors Service, Inc., and "AAA" from Standard & Poor's, for all of its general obligation debt. The Town's credit rating was affirmed by both credit rating agencies: Standard & Poor's in 2016 and Moody's in 2019.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees (seven times \$84,294,379). For June 30, 2019, the maximum amount of borrowing permitted under the formula would be \$590,060,653. With net borrowings of \$19,270,000, the Town of Avon's outstanding general obligation debt is \$570,790,653 below the maximum debt limitation (see "Schedule of Debt Limitation" on Table 13 of this report).

Additional information on the Town's long-term debt can be found in Note 3E on pages 44-46 of this document.

Economic Factors and Next Year's Budget and Rates

The Town has successfully managed its budgetary operations through prudent, conservative fiscal management. The Town did adhere to the requested State 2.5% soft cap expenditure compliance. Timing was a significant concern as Avon's budget was presented prior to the governor's annual budget was due to the legislature, as during a transition year, the new governor is given additional time to craft the first budget. Given this timing, for the 2019/2020 budget, significant assumptions were made, such as level funding the budget, until the new governor and legislature propose, adopt and balance the upcoming biennium budget and beyond. The Town expects to see a continued decrease in State funding, along with the potential of absorbing a portion of State liabilities such as teachers' retirement and the continued unfunded state mandates.

- Grand list growth is expected to decrease by 2.15% (revaluation year).
- Property tax collections will exceed 99% with the reserve for uncollectible at \$505,565.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Anticipation that new single family housing permits will decrease as the Town matures. Housing prices have remained relatively stable.
- Revenues from building, structures and equipment permit activity and recording and conveyance fees, based on current sales of existing properties and current mortgage interest rates are expected to remain level.
- Discretionary grant revenues are expected to remain essentially the same; formulary are expected to decrease. The Town's adopted budget for 2020 reflects a net decrease in State and Intergovernmental grants of \$43,624 or -1.16% as compared to 2019, primarily due to the recommendation by the district, for the second year in a row, to level fund the Special Education Excess Cost at \$1,190,000. The Town eliminated the Grants for Municipal Projects for \$261,442, eliminated the \$116,884 for Municipal Stabilization Grant, as well as various Town and Board of Education reductions in grant activities in various amounts. The Connecticut State budget was signed by the Governor without major tax hikes, and without reducing overall aid to cities and towns, but realigning aid in favor of distressed municipalities. In 2020, State cuts in aid were announced after Avon passed its local budget, so timing was a significant concern again. It is recommended to budget conservatively for the Intergovernmental State Grants-In-Aid moving forward. Although Avon receives a small portion of its revenues from state grants, reductions in these grants do have an impact on Town services.
- Avon intends that user fees cover the majority of costs of certain services such as sewer use, sewer connection, landfill and recreational programs. These fees are reviewed annually and reset according to expected usage and inflation. Sewer use charge per equivalent dwelling is increased to \$515 per year, and sewer use and assessment revenues are all expected to increase. Town and Board of Education charges for services activity is also anticipated to increase.
- The Town has budgeted investment income to remain at a level \$300,000. It is likely that the Federal Reserve will continue to raise the fed-funds range in the future.

- Personal services (salary and benefits) increases (not including sewers) will amount to \$749,760 (74.44%) of the Town General Fund expenditures. Overall wages increased by \$374,176 as compared to 2019. The Town operating expenditures reflect full year funding for a public works maintainer that was filled one-fourth of the year in 2019, full year funding for an additional public works maintainer due to additional parks' grounds, and funding for a part time social services assistant due to increased social service program utilization. Approximately three-fourths of the prior year's funding for the currently vacant Director of Human Resources position has been eliminated and the full time Assistant Assessor position has been reduced to part time. The increase in wages includes hourly increases for non-organized personnel, classification adjustments and step increases, and auto allotments. For the third year, the School Resource Officer position did not receive funding from the Board of Education budget. The total number of full-time positions remains at 106.
- Increased insurance premium sharing by employees. All current employees contribute 15% - 20%; all new hires for dispatch, non-organized and public works contribute 20% toward both health and dental care. Mandatory participation in HSA for Police, contributing 13%. Non-organized (volunteer to participate) in HSA contribute 13% (hired prior to 1/1/2005) or 18% (hired after 1/1/2005).
- Employee benefits have increased by \$397,634 (4.74%). The increase is caused by a number of factors including increased contribution to the defined benefit plan (\$28,313 or 3.71%), where the interest rate return assumption was reduced in 2020 from 6.75% to 6.50%, where it remained, resulting in an increased funding requirement. Hospitalization funding decreased \$110,630 or - 6.38% mitigated by participation of thirty-two (32) employees opting out through the Town's Health Insurance Waiver Program. The budgeted OPEB increase in contributions supported by supplementing the budgeted amount with a contribution from the Post Retirement Medical Benefits Reserve Fund until exhausted, is winding down and closing in on the plan of full funding for the annual required contribution supported in the budget. The Town of Avon does not provide post-retirement medical benefits to those dispatcher retirees, or their families, if hired after 7/1/2013. The Town of Avon does not provide post-retirement medical benefits to those public works retirees, or their families, if hired after 7/1/2014. Both Police and Non-Organized may continue with post-retirement medical benefits. However, effective 7/1/2015, once age 65, Police hired after 7/1/2009 and their spouses, will be covered at 50%, paid by each, the Town and the retiree.
- The Board of Education's criteria that was used to shape the budget was to continue to advance the Strategic Actions of District Strategic Plan, continue to provide students with quality instruction and program, meet contractual obligations without adversely impacting programs, reallocate funds, reassign staff as necessary, reduce District's reliance on the Intellectual's with Disabilities Education Act (IDEA) funding, leverage District operational efficiencies, create or strengthen programs to maintain students in-district, continue meaningful professional development, continue to integrate technology, maintain reasonable class size and continue with nationally recognized curriculum revision process.
- 80% of the Board of Education budget relates to salaries and benefits.
- Continue cooperative ventures regionally, and with the Town and Board of Education.
- The budget again supported capital improvement by including large multi-year capital projects, such as those on a phased-in basis, including police building improvements, fire facility building improvements, sewer projects, a field line painter for parks and recreation, radio system for police, recreation field irrigation improvements, and for the Board of Education, phased-in roof replacement for Roaring Brook School, elevator hydraulic cylinder replacement at the middle school and high school, a high school fire alarm, suppression and notification system, and district-wide security upgrades.

- At the close of the 2019 fiscal year, unassigned fund balance in the General Fund amounted to \$11,175,459. The Board of Finance decided no use of General Fund unassigned fund balance to mitigate the tax impact of revaluation for the 2020 budget.

All of these factors were considered in preparing the budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Avon's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 60 West Main Street, Avon, CT 06001.

TOWN OF AVON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 38,638,206
Investments	54,834
Receivables, net of allowance for uncollectibles:	
Property taxes	494,235
Assessments	89,673
Intergovernmental	
Accounts	287,335
Due from fiduciary funds	25,000
Other current assets	48,885
Total current assets	<u>39,638,168</u>
Noncurrent assets:	
Capital assets, nondepreciable	20,061,950
Capital assets, net of accumulated depreciation	125,295,041
Total noncurrent assets	<u>145,356,991</u>
Total assets	<u>184,995,159</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	714,981
Deferred outflows - pension	879,500
Deferred outflows - OPEB	1,375,476
Total deferred outflows of resources	<u>2,969,957</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,517,158
Accrued liabilities	329,839
Unearned revenue	120,051
Due to fiduciary funds	5,006,404
Noncurrent liabilities, due within one year	3,516,055
Total current liabilities	<u>11,489,507</u>
Noncurrent liabilities:	
Due in more than one year	<u>77,092,170</u>
Total liabilities	<u>88,581,677</u>
Deferred Inflows of Resources:	
Advance property tax collections	4,991,108
Advance sewer collections	269,226
Deferred inflows - pension	1,162,247
Deferred inflows - OPEB	2,178,802
Total deferred inflows of resources	<u>8,601,383</u>
Net Position:	
Net investment in capital assets	125,283,735
Nonexpendable - purposes of trust	71,340
Unrestricted	<u>(34,573,019)</u>
Total Net Position	<u>\$ 90,782,056</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF AVON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General government	\$ 4,081,541	\$ 635,151	\$ 89,670	\$	\$ (3,356,720)
Public safety	11,561,883	849,468	45,701		(10,666,714)
Public works	9,520,951	3,430,788	455,074	152,310	(5,482,779)
Health and social services	487,032	31,472			(455,560)
Recreation and parks	1,291,138	476,204			(814,934)
Educational - cultural	1,827,791	12,861			(1,814,930)
Conservation and development	661,503	9,564			(651,939)
Board of Education	67,013,931	1,783,853	7,577,182		(57,652,896)
Interest on long-term debt	257,298				(257,298)
Total Governmental Activities	\$ <u>96,703,068</u>	\$ <u>7,229,361</u>	\$ <u>8,167,627</u>	\$ <u>152,310</u>	<u>(81,153,770)</u>
General Revenues:					
Property taxes					82,628,403
Grants and contributions not restricted to specific programs					275,936
Investment income					921,647
Miscellaneous					546,434
Total general revenues and transfers					<u>84,372,420</u>
Change in net position					3,218,650
Net Position at Beginning of Year					<u>87,563,406</u>
Net Position at End of Year					\$ <u>90,782,056</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 37,851,280	\$ 562,484	\$ 224,442	\$ 38,638,206
Investments			54,834	54,834
Receivables, net	472,163		374,008	846,171
Due from other funds	575,924	5,904,150	5,330,528	11,810,602
Other	<u>43,294</u>		<u>5,591</u>	<u>48,885</u>
Total Assets	<u>\$ 38,942,661</u>	<u>\$ 6,466,634</u>	<u>\$ 5,989,403</u>	<u>\$ 51,398,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,011,277	\$ 571,747	\$ 578,191	\$ 2,161,215
Accrued liabilities	226,151			226,151
Due to other funds	19,205,989		550,924	19,756,913
Unearned revenue	<u>9,057</u>		<u>110,994</u>	<u>120,051</u>
Total liabilities	<u>20,452,474</u>	<u>571,747</u>	<u>1,240,109</u>	<u>22,264,330</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	377,346			377,346
Unavailable revenue - special assessments			89,673	89,673
Advance property tax collections	4,991,108			4,991,108
Advance sewer collections			<u>269,226</u>	<u>269,226</u>
Total deferred inflows of resources	<u>5,368,454</u>	<u>-</u>	<u>358,899</u>	<u>5,727,353</u>
Fund Balances:				
Nonspendable	43,294		76,931	120,225
Restricted			1,111,995	1,111,995
Committed		6,164,646	3,201,469	9,366,115
Assigned	1,902,980			1,902,980
Unassigned	<u>11,175,459</u>	<u>(269,759)</u>		<u>10,905,700</u>
Total fund balances	<u>13,121,733</u>	<u>5,894,887</u>	<u>4,390,395</u>	<u>23,407,015</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,942,661</u>	<u>\$ 6,466,634</u>	<u>\$ 5,989,403</u>	<u>\$ 51,398,698</u>

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TOWN OF AVON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Exhibit III)	\$ 23,407,015
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	217,928,225
Accumulated depreciation	(72,571,234)

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:

Property tax interest and lien accrual	33,429
Property tax and sewer assessment receivable - accrual basis change	467,019
Allowance for doubtful accounts	(8,357)
Deferred outflows - pension	879,500
Deferred outflows - OPEB	1,375,476

Internal service funds are used by management to charge the cost of medical insurance to individual departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

2,608,964

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(19,270,000)
Net pension liability	(24,616,362)
Capital leases	(398,497)
Compensated absences	(3,625,917)
Net OPEB liability	(31,427,709)
Landfill postclosure liability	(150,000)
Bond premium	(1,119,740)
Deferred inflows - pension	(1,162,247)
Deferred inflows - OPEB	(2,178,802)
Deferred charge on refunding	714,981
Accrued interest payable	(103,688)

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>90,782,056</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 82,563,358	\$	\$	\$ 82,563,358
Intergovernmental	6,973,428		1,550,145	8,523,573
Charges for services	2,572,697		4,683,496	7,256,193
Investment income	892,953	18,029	10,665	921,647
Other local revenues	262,660	24,617	331,455	618,732
Total revenues	<u>93,265,096</u>	<u>42,646</u>	<u>6,575,761</u>	<u>99,883,503</u>
Expenditures:				
Current:				
Town Council:				
General government	3,438,880		245,080	3,683,960
Public safety	11,002,045		178,515	11,180,560
Public works	6,041,369		2,422,982	8,464,351
Health and social services	515,599			515,599
Recreation and parks	810,449		349,866	1,160,315
Educational - cultural	1,705,979			1,705,979
Conservation and development	666,166			666,166
Miscellaneous	291,084			291,084
Total town council	<u>24,471,571</u>		<u>3,196,443</u>	<u>27,668,014</u>
Board of Education	62,466,854		1,865,055	64,331,909
Debt service	2,755,750			2,755,750
Capital outlay		3,692,194	2,238,876	5,931,070
Total expenditures	<u>89,694,175</u>	<u>3,692,194</u>	<u>7,300,374</u>	<u>100,686,743</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,570,921</u>	<u>(3,649,548)</u>	<u>(724,613)</u>	<u>(803,240)</u>
Other Financing Sources (Uses):				
Issuance of bonds			1,600,000	1,600,000
Capital lease issuance	268,335			268,335
Transfers in	521,000	2,779,868	1,034,778	4,335,646
Transfers out	(3,163,646)		(1,172,000)	(4,335,646)
Net other financing sources (uses)	<u>(2,374,311)</u>	<u>2,779,868</u>	<u>1,462,778</u>	<u>1,868,335</u>
Net Change in Fund Balances	1,196,610	(869,680)	738,165	1,065,095
Fund Balances at Beginning of Year	<u>11,925,123</u>	<u>6,764,567</u>	<u>3,652,230</u>	<u>22,341,920</u>
Fund Balances at End of Year	<u>\$ 13,121,733</u>	<u>\$ 5,894,887</u>	<u>\$ 4,390,395</u>	<u>\$ 23,407,015</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,065,095
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	5,926,241
Depreciation expense	(4,210,417)
Loss on disposal of capital assets	(5,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Increase (decrease) in property tax and assessments receivable - accrual basis change	36,474
Increase (decrease) in property tax interest and lien revenue	2,318
(Increase) decrease in property tax and sewer use allowance for doubtful accounts	(579)
Increase (decrease) in deferred outflows amounts related to pension	112,791
Increase (decrease) in deferred outflows amounts related to OPEB	1,097,062

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Accrued interest	(16,138)
Issuance of bonds	(1,600,000)
Principal payments	2,220,000
Amortization of bond premiums	139,945
Amortization of deferred charge on refunding	(73,331)
Capital leases issuance	(268,335)
Capital leases payments	227,976

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

(Increase) decrease in compensated absences	(22,577)
(Increase) decrease in net pension liability	1,285,666
(Increase) decrease in OPEB liability	393,557
Landfill postclosure payments	30,000
(Increase) decrease in deferred inflows amounts related to pension	(743,544)
(Increase) decrease in deferred inflows amounts related to OPEB	(2,178,802)

The net revenue of the internal service funds is reported with the governmental activities.	<u>(199,752)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,218,650</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 82,395,928	\$ 82,395,928	\$ 82,563,358	\$ 167,430
Intergovernmental	2,338,650	2,477,427	2,860,515	383,088
Charges for services	2,059,423	2,059,423	2,528,388	468,965
Investment income	300,000	300,000	875,388	575,388
Other local revenues	201,661	231,911	286,192	54,281
Total revenues	<u>87,295,662</u>	<u>87,464,689</u>	<u>89,113,841</u>	<u>1,649,152</u>
Expenditures:				
Current:				
Town Council:				
General government	3,534,458	3,616,352	3,455,180	161,172
Public safety	10,640,077	11,016,957	10,989,512	27,445
Public works	6,095,896	6,107,446	6,011,476	95,970
Health and social services	523,010	543,749	531,582	12,167
Recreation and parks	853,703	865,147	815,751	49,396
Educational - cultural	1,683,700	1,705,979	1,705,237	742
Conservation and development	669,335	693,032	666,196	26,836
Miscellaneous	338,260	314,780	291,083	23,697
Total town council	<u>24,338,439</u>	<u>24,863,442</u>	<u>24,466,017</u>	<u>397,425</u>
Board of Education	57,478,605	57,591,629	57,591,221	408
Debt service	2,755,750	2,755,750	2,755,750	-
Total expenditures	<u>84,572,794</u>	<u>85,210,821</u>	<u>84,812,988</u>	<u>397,833</u>
Excess of Revenues over Expenditures	<u>2,722,868</u>	<u>2,253,868</u>	<u>4,300,853</u>	<u>2,046,985</u>
Other Financing Sources (Uses):				
Assignment of fund balance		468,000		(468,000)
Transfers in		101,000	521,000	420,000
Transfers out	(2,722,868)	(2,822,868)	(3,062,646)	(239,778)
Net other financing uses	<u>(2,722,868)</u>	<u>(2,253,868)</u>	<u>(2,541,646)</u>	<u>(287,778)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	1,759,207	\$ <u>1,759,207</u>
Fund Balance at Beginning of Year			<u>10,773,328</u>	
Fund Balance at End of Year			<u>\$ 12,532,535</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF AVON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Due from other funds	\$ 2,964,907
Liabilities:	
Current liabilities:	
Claims payable	<u>355,943</u>
Total Net Position	<u><u>\$ 2,608,964</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Fund
Operating revenues:	
Charges for services:	
Town	\$ 1,974,870
Board of Education	6,520,639
Other	219,590
Total operating revenues	<u>8,715,099</u>
Operating expenses:	
Medical claims:	
Town	2,400,067
Board of Education	6,514,784
Total operating expenses	<u>8,914,851</u>
Change in Net Position	(199,752)
Net Position at Beginning of Year	<u>2,808,716</u>
Net Position at End of Year	<u>\$ 2,608,964</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF AVON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 9,065,912
Claims paid	(9,065,912)
Net cash provided by (used in) operating activities	-
Net Increase (Decrease) in Cash	-
Cash at Beginning of Year	-
Cash at End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (199,752)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	350,813
Increase (decrease) in claims payable	(151,061)
Net Cash Provided by (Used in) Operating Activities	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ <u>481,352</u>	\$ <u>211,762</u>
Investments, at fair value:		
Guaranteed interest contract	1,310,424	
Mutual funds	<u>35,054,056</u>	
Total investments	<u>36,364,480</u>	<u>-</u>
Accounts receivable	<u>52,004</u>	<u>169,826</u>
Due from other funds	<u>5,006,404</u>	
Total assets	<u>41,904,240</u>	\$ <u><u>381,588</u></u>
Liabilities:		
Fiduciary deposits		\$ 381,588
Accounts payable	43,747	
Due to other funds	<u>25,000</u>	
Total liabilities	<u>68,747</u>	\$ <u><u>381,588</u></u>
Net Position:		
Restricted for Pension Benefits and OPEB Benefits	\$ <u><u>41,835,493</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 6,450,865
Plan members	313,932
Total contributions	<u>6,764,797</u>
Investment income:	
Net change in fair value of investments	254,213
Interest and dividends	<u>1,821,350</u>
Total investment income	2,075,563
Less investment expenses	<u>30</u>
Net investment income	<u>2,075,533</u>
Total additions	<u>8,840,330</u>
Deductions:	
Benefits	5,329,595
Administration	<u>63,108</u>
Total deductions	<u>5,392,703</u>
Change in Net Position	3,447,627
Net Position at Beginning of Year	<u>38,387,866</u>
Net Position at End of Year	<u>\$ 41,835,493</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Avon, Connecticut (the Town) was incorporated in May 1830 under the provisions of the Connecticut General Statutes. The Town operates under the Town Manager/Town Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations that, by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included as part of the program expense reported for individual funds and activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

The *CIFA Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases. The major sources of revenue for this fund are bond proceeds and intergovernmental revenues.

Additionally, the government reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits.

The *Pension and Other Employee Benefit Trust Funds* account for the activities of the Avon Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees and also the activities for both Town and Board of Education other postemployment benefits plans (e.g. health insurance, life insurance), which accumulate resources for other postemployment benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students and others and for various Board of Education and Town programs.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Internal Service Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned and then unassigned.

C. Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

D. Investments

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

F. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectible accounts.

In the fund financial statements, all property taxes receivable at June 30, 2019 that have not been collected within 60 days of June 30 have been recorded as unavailable revenue, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. An amount of \$117,291 has been established as an allowance for uncollected taxes. At June 30, 2019, this allowance represents 20% of property taxes receivable.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10-20
Land improvements	15-25
Roads	80
Sewer lines	100
Storm drains	40
Vehicles	7-25
Equipment	5-35
Computer equipment	5-10

H. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

I. Net Other Post Employment Benefit Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

J. Compensated Absences

The Town and Board of Education employees are granted vacation and sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time, and the expenditure is recognized in the governmental fund financial statements, typically, the General Fund.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and, so, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and, so, will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and advance sewer collections in both the government-wide statement of net position and the governmental funds balance sheet. The Town also reports deferred inflows of resources related to pensions in the government-wide statement of net position. Both advance property tax collections and advance sewer collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period with which the revenue is associated. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity and Net Position

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Debt issued for noncapital purposes is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This balance represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This balance represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. Fund balance commitments are created when a formal resolution from the Town Manager (as prepared by the Finance Director) is presented to the Town Council and a recommendation is made to the Board of Finance to approve the resolution and subsequent approval is attained.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter. This body or official includes department heads, heads of offices, and designees or authorized agents of the Town Manager.

Unassigned Fund Balance

This balance represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

N. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town established a Town-wide budget in accordance with provisions of its Charter and the Connecticut General Statutes. Budgets for the General Fund, Sewer Fund, State and Federal Education Grants Fund, School Cafeteria Fund, Recreational Activities Fund, Local Capital Improvement Program Fund, Forest Park Management Fund, Town Aid Road Fund, Police Special Services Fund and Use of School Facilities Fund are legally adopted annually at the Annual Town Meeting. Transfers and supplemental appropriations were approved during the year in accordance with provisions of its Charter and the Connecticut General Statutes. There were \$738,027 of additional appropriations during the year in the General Fund, \$468,000 from fund balance, \$101,000 in transfers in from other funds and \$169,027 from additional revenue sources.

- Annual operating budgets are prepared and employed for management control for the General Fund. Unencumbered appropriations of these funds lapse at year end. Encumbered appropriations are carried forward. Transfer of funds between appropriations shall be approved by the Town Council for amounts not exceeding 1/10 of 1% of the current Town operating budget. Transfers exceeding 1/10 of 1% are approved by the Board of Finance upon recommendation of the Town Council. Additional appropriations may be made by the Board of Finance upon favorable recommendation of the Town Council. The legal level of control is at the department level. Line items within these departments may individually exceed their appropriations, as long as in the aggregate they do not. Management is not authorized to transfer budgeted amounts or to approve additional appropriations.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within its budget at its discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Council approval.
- Nonlapsing project budgets exceeding one year in length are employed for the capital projects funds. These budgets are not "annual" budgets; they are nonlapsing budgets and span two to three years.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP and budgetary requirements is as follows:

	<u>Revenues & Other Financing Sources</u>	<u>Expenditures & Other Financing Uses</u>	<u>Fund Balance</u>
Balance, budgetary basis - June 30, 2019	\$ 89,634,841	\$ 87,875,634	\$ 12,532,535
Encumbrances outstanding June 30, 2019 charged to budgetary expenditures during the year ended June 30, 2019		(578,510)	578,510
Encumbrances received and liquidated in the current year		1,075,175	
Underliquidation of encumbrances from June 30, 2018	(23,532)		
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year			80,249
Change in accrued payroll		3,274	(180,440)
Capital lease issuance	268,335	268,335	
State Teachers' Retirement pension expense (revenue)	10,073,454	10,073,454	
State Teachers' Retirement OPEB expense (revenue)	(5,960,541)	(5,960,541)	
Activity of OPEB Special Revenue, combined with General Fund for GASB 54	<u>61,874</u>	<u>101,000</u>	<u>110,879</u>
Balance, GAAP Basis - June 30, 2019	\$ <u>94,054,431</u>	\$ <u>92,857,821</u>	\$ <u>13,121,733</u>

Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2019:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2019</u>
Capital and nonrecurring CIFA:	\$ 3,638,698	\$ 2,238,876	\$ 3,306,020	\$ 332,678
General government	27,478,124	2,911,974	22,393,129	5,084,995
Board of Education	<u>3,396,936</u>	<u>780,220</u>	<u>2,898,511</u>	<u>498,425</u>
Total	\$ <u>34,513,758</u>	\$ <u>5,931,070</u>	\$ <u>28,597,660</u>	\$ <u>5,916,098</u>

B. Overexpended Appropriations

The transfers out line was overexpended by \$310,278.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository,” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,427,812 of the Town’s bank balance of \$10,552,285 was exposed to custodial credit risk at June 30, 2019, as follows:

Uninsured and uncollateralized	\$ 8,400,597
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,027,215</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 9,427,812</u></u>

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Cash Equivalents

At June 30, 2019, the Town's cash equivalents amounted to \$30,006,190. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard & Poor's
STIF	AAAm

Investments

As of June 30, 2019, the Town had the following investments:

Investment Type	Credit Rating	Fair Value
Other Investments:		
Mutual Fund	N/A	\$ 35,108,890
Guaranteed Interest Contract	N/A	<u>1,310,424</u>
Total Investments		<u>\$ 36,419,314</u>

Interest Rate Risk

The Town limits its maximum final stated maturities to 15 years, unless specific authority is given to exceed that limit. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same types of investments as State Statutes.

Concentration of Credit Risk

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government-sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

The Town's pension investments are governed by its *Statement of Investment Policies and Objectives*. The policy details asset mix ranges for the following classes of investments: core equities (40% - 50%), international equities (0% - 10%), small to mid-cap equities (0% - 10%), fixed income investments (40% - 50%) and cash equivalents (0% - 10%). The overall investment return is expected to exceed the actuarial investment return assumption, the inflation rate as measured by the Consumer Price Index, and the return of a passively managed portfolio. Each portfolio has specific objectives as well. The annualized return of the Balanced Portfolio should exceed by at least 1% the return of a specified group of weighted balanced indexes. The annualized return of the Domestic Equity portfolio should exceed the return of the S&P 500 Stock Index by 1.5% and rank in the upper 40% of a broad universe of managers with similar objectives. The annualized return of the fixed income portfolio is expected to exceed by 1% the Lehman Brothers Aggregate Note Index and rank in the upper 40% of a broad universe of managers with similar objectives.

Investment guidelines further spell out the parameters under which the plan's active managers must operate. Overall, no more than 5% of total assets can be invested in any one company's securities, and no more than 15% in any one industry (except for U.S. government securities). In addition, no more than 5% of a corporation's outstanding issues in a given security class may be purchased. Each portfolio has specific guidelines which reflect or further define the general guidelines.

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

For the Capital and Nonrecurring Expenditures Fund, not more than 31% can be invested in equity securities.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

	June 30, 2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ 35,108,890	\$ 35,108,890	\$	\$
Guaranteed interest contract	<u>1,310,424</u>		<u>1,310,424</u>	
Total Investments Measured at Fair Value	\$ <u>36,419,314</u>	\$ <u>35,108,890</u>	\$ <u>1,310,424</u>	\$ <u>-</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

B. Receivables

Fund receivables as of June 30, 2019, including the applicable allowances for collection losses, are as follows:

	General	Nonmajor and Other Funds	Total
Property taxes*	\$ 586,454	\$	\$ 586,454
Assessments		89,673	89,673
Intergovernmental	3,000	255,995	258,995
Accounts		<u>250,170</u>	<u>250,170</u>
Gross receivables	<u>589,454</u>	<u>595,838</u>	<u>1,185,292</u>
Allowances	<u>(117,291)</u>		<u>(117,291)</u>
Net Receivables	\$ <u>472,163</u>	\$ <u>595,838</u>	\$ <u>1,068,001</u>

*Property tax interest is not included.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,662,553	\$	\$	\$ 7,662,553
Construction in progress	9,995,128	5,488,195	3,083,926	12,399,397
Total capital assets not being depreciated	<u>17,657,681</u>	<u>5,488,195</u>	<u>3,083,926</u>	<u>20,061,950</u>
Capital assets being depreciated:				
Land improvements	2,259,153	387,531		2,646,684
Buildings and improvements	124,880,724	96,678		124,977,402
Equipment	14,087,359	1,048,231	113,406	15,022,184
Vehicles	4,990,233	1,548,503	193,566	6,345,170
Infrastructure	48,433,806	441,029		48,874,835
Total capital assets being depreciated	<u>194,651,275</u>	<u>3,521,972</u>	<u>306,972</u>	<u>197,866,275</u>
Less accumulated depreciation for:				
Land improvements	1,296,200	113,113		1,409,313
Buildings and improvements	40,608,421	2,629,195		43,237,616
Equipment	9,762,171	781,180	112,406	10,430,945
Vehicles	3,644,060	204,112	189,566	3,658,606
Infrastructure	13,351,937	482,817		13,834,754
Total accumulated depreciation	<u>68,662,789</u>	<u>4,210,417</u>	<u>301,972</u>	<u>72,571,234</u>
Total capital assets being depreciated, net	<u>125,988,486</u>	<u>(688,445)</u>	<u>5,000</u>	<u>125,295,041</u>
Governmental Activities Capital Assets, Net	<u>\$ 143,646,167</u>	<u>\$ 4,799,750</u>	<u>\$ 3,088,926</u>	<u>\$ 145,356,991</u>

Depreciation expense was charged to functions/programs of the Town as follows:

General government	\$ 407,494
Public safety	227,761
Public works	623,890
Recreation and parks	125,839
Educational - cultural	139,606
Board of Education	<u>2,685,827</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,210,417</u>

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

D. Interfund Receivables, Payables and Transfers

A summary of interfund balances as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds \$	550,924
General Fund	Pension Fund	25,000
CIFA	General Fund	5,904,150
Nonmajor Governmental Funds	General Fund	5,330,528
Internal Service Fund	General Fund	2,964,907
Other Post Employment Benefits Fund	General Fund	<u>5,006,404</u>
		<u>\$ 19,781,913</u>

Several Nonmajor Governmental Funds owe the General Fund for expenditures paid by the General Fund. The Pension Fund owes the General Fund for benefits payments made. The CIFA Fund owes the General Fund for ongoing project expenditures. The General Fund paid for employer contributions for medical expenditures for employees for the Internal Service Fund and Other Post Employment Benefits Fund.

A summary of interfund transfers as of June 30, 2019 is as follows:

	<u>General Fund</u>	<u>CIFA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 2,779,868	\$ 383,778	\$ 3,163,646
Nonmajor Governmental Funds	<u>521,000</u>		<u>651,000</u>	<u>1,172,000</u>
Total Transfers In	<u>\$ 521,000</u>	<u>\$ 2,779,868</u>	<u>\$ 1,034,778</u>	<u>\$ 4,335,646</u>

The General Fund transferred funds to the CIFA Fund for budgeted capital projects for town facilities. General Fund transfers to nonmajor governmental funds were to the Capital and Nonrecurring Expenditures Fund for town equipment. Transfers from the Nonmajor Governmental Funds to the CIFA fund were for budgeted projects in the Sewer Fund.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

E. Long-Term Debt

Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 19,890,000	\$	\$ 2,220,000	\$ 17,670,000	\$ 2,235,000
General obligation bonds - direct placement		1,600,000		1,600,000	300,000
Premium on bonds	1,259,685		139,945	1,119,740	
Total bonds payable	<u>21,149,685</u>	<u>1,600,000</u>	<u>2,359,945</u>	<u>20,389,740</u>	<u>2,535,000</u>
Capital lease obligations	358,138	268,335	227,976	398,497	225,872
Compensated absences	3,603,340	749,068	726,491	3,625,917	725,183
Net pension liability	25,902,028		1,285,666	24,616,362	
Net OPEB liability	31,821,266		393,557	31,427,709	
Landfill post-closure costs	<u>180,000</u>		<u>30,000</u>	<u>150,000</u>	<u>30,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 83,014,457</u>	<u>\$ 2,617,403</u>	<u>\$ 5,023,635</u>	<u>\$ 80,608,225</u>	<u>\$ 3,516,055</u>

The net pension liability and OPEB obligation have historically been liquidated by the general fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general improvements, sewer additions and school construction.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. These bonds are generally issued as 15-year serial bonds with varying annual principal payments.

General Obligation Bonds - Direct Placement

The Town purchased approximately 38 acres having the address of 828 West Avon Road, Avon, Connecticut, leasing approximately 22 acres to the seller Severni. The property was purchased for \$2,000,000 with \$400,000 payable at closing and a 7-year nontransferable bond with an interest rate of 1.75% in the amount of \$1,600,000 payable in annual installments. The Town issued a \$1,600,000 General Obligation bond dated July 18, 2018 as a bank loan/alternative financing filing, private placement, filing continuing disclosure submission with MSRB.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
General purpose:		
General obligation improvement	2-4%	\$ 5,722,000
General obligation direct placement	1.75%	1,600,000
School:		
School improvement	2-4%	<u>11,948,000</u>
Total Outstanding		\$ <u><u>19,270,000</u></u>

Future maturities for outstanding bonds are as follows:

General Obligation Bonds			
	<u>Principal</u>		<u>Interest</u>
2020	\$ 2,235,000	\$	473,925
2021	2,125,000		422,150
2022	2,120,000		371,725
2023	2,115,000		313,450
2024	2,120,000		247,200
2025-2028	<u>6,955,000</u>		<u>382,050</u>
Total	\$ <u><u>17,670,000</u></u>	\$	<u><u>2,210,500</u></u>

General Obligation Bonds Direct Placement			
	<u>Principal</u>		<u>Interest</u>
2020	\$ 300,000	\$	28,000
2021	300,000		22,750
2022	200,000		17,500
2023	200,000		14,000
2024	200,000		10,500
2025-2028	<u>400,000</u>		<u>10,500</u>
Total	\$ <u><u>1,600,000</u></u>	\$	<u><u>103,250</u></u>

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Prior Year Defeasance of Debt

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements.

The balance in escrow was \$11,719,350 at June 30, 2019. The outstanding balance of the defeased bonds as of June 30, 2019 is \$11,650,000.

Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 189,662,353	\$ 7,322,000	\$ 182,340,353
Schools	379,324,706	11,948,000	367,376,706
Sewers	316,103,921		316,103,921
Urban renewal	273,956,732		273,956,732
Pension deficit	252,883,137		252,883,137

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$590,060,653.

The indebtedness reflected above includes bonds outstanding, school construction grants receivable and sewer assessments receivable.

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs for the next 5 years at \$30,000 per year are \$150,000. This amount is based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

Authorized/Unissued Bonds

At June 30, 2019, there was \$2,995,000 of authorized, unissued bond school bonds and \$3,890,000 of authorized, unissued general purpose bonds outstanding.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of certain computer equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 984,615
Less accumulated depreciation	<u>(542,939)</u>
Net Book Value	\$ <u><u>441,676</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 241,842
2021	111,188
2022	70,996
Less amount for interest	<u>(25,529)</u>
Minimum Lease Payments	\$ <u><u>398,497</u></u>

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

G. Fund Balance

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 5,591	\$ 5,591
Prepaid items	43,294			43,294
Police Officers' meritorious service			71,340	71,340
Restricted:				
Fisher Meadow donations			431,458	431,458
Local capital improvement projects			2,176	2,176
State and federal education grant			432	432
Town aid road projects			677,929	677,929
Committed to:				
Public safety			286,530	286,530
Public works future projects			78,561	78,561
Public works drainage		80,500	8,121	88,621
Public works sewer		1,533,634	1,507,426	3,041,060
Recreation and parks		560,548	281,363	841,911
Forest management			28,000	28,000
Debt service			156,109	156,109
Cafeteria			225,180	225,180
School facilities			106,221	106,221
Town Clerk			27,066	27,066
Property damage			19,567	19,567
Donations			23,467	23,467
Public works roadway		408,836	156,701	565,537
Town Hall capital projects		593,730	148,561	742,291
Public safety capital projects		1,370,687		1,370,687
Fire capital projects		180,152		180,152
Public works capital projects		356,909		356,909
Other Town capital projects			148,596	148,596
Board of Education capital projects		498,425		498,425
Open space		581,225		581,225
Assigned to:				
Payroll escrow	25,000			25,000
Pension contributions	400,000			400,000
Capital reserve	3,000			3,000
Post-employment benefits	300,000			300,000
Capital asset replacement	105,342			105,342
General government	82,903			82,903
Public safety	303,078			303,078
Public works	21,329			21,329
Recreation and parks	13,928			13,928
Conservation and development	28,143			28,143
Health and social services	18,890			18,890
Education	490,488			490,488
Other post-employment benefits	110,879			110,879
Unassigned	11,175,459	(269,759)		10,905,700
Total Fund Balances	\$ 13,121,733	\$ 5,894,887	\$ 4,390,395	\$ 23,407,015

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Significant encumbrances in total by each major fund and nonmajor funds in the aggregate is as follows:

General Fund	\$ 658,759
CIFA	5,451,587
Nonmajor Governmental Funds	<u>14,834</u>
Total	<u>\$ 6,125,180</u>

Significant encumbrances are included in the committed and assigned categories of fund balance.

4. EMPLOYEE RETIREMENT PLANS

A. Defined Benefit Pension Plans

The Town of Avon administers two single-employer, contributory, defined benefit pension plans (Town and Board of Education) to provide pension benefits for its police officers, public works employees, management unclassified and classified nonorganized employees, dispatch employees and Board of Education employees, except certified personnel who are eligible to participate in the State of Connecticut Teachers' Retirement System. The police and nonorganized portions of the Town plan closed to new entrants effective January 1, 1997, and public works and dispatchers closed to new entrants effective July 1, 1997. All new employees of the above classes become part of the Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, stand-alone financial reports are not issued by the pension plans.

Management of the plan rests with the Ad Hoc Pension Investment Advisory Committee, established in 1991 and comprised of the Town Manager, Director of Finance, Director of Human Resources, Chairman of the Board of Finance, Town of Avon Treasurer and the Board of Education Business Office Manager.

The Ad Hoc Pension Investment Advisory Committee is advisory to the Town Council, provides oversight of the activities of the pension investment managers and the pension investment advisor, and has authority to make operational changes within the parameters of existing pension policies:

- Review, discuss, and may change strategies on investment performance, policies and managers at semi-annual meetings (with the advice of the pension investment advisor), if it falls within current policies, allocations and strategies.
- Revisions, establishment of new policies, or changes to the investment policy that fall outside current policies, allocations and strategies require a majority rule vote by the members of the Ad Hoc Pension Investment Advisory Committee and the approval of the Town Council.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

When benefit terms are established or amended, the terms must be determined, reviewed, and/or approved independently and/or collectively (depending on the nature of the change) and involve the following parties:

- Town Manager Office
- Human Resources Office
- Actuarial Firm Representative(s)
- Legal Firm Representative(s)
- Director of Finance for Town or Board of Education, as applicable
- Bargaining Unit Representative(s), as applicable
- IRS Regulation(s), if applicable

Plan Descriptions and Benefits Provided

Town Employees

Plan provisions and contribution requirements and the authority to amend the provisions are established by the plans approved by the Town Council. Under the plan, all employees hired before age 65, having attained age 23 for police officers or age 22 for public works, nonorganized employees and dispatchers, having one year of service and agreeing to make the required employee contributions as set out below, are eligible. Employees are 100% vested after 5 years of service for the plan.

Board of Education

Plan provisions and contribution requirements and the authority to amend the provisions are established by the plans approved by the Town Council. Under the plan, all employees hired before age 65, having attained age 25 for Board of Education employees, having one year of service and agreeing to make the required employee contributions as set out below, are eligible. Employees are 100% vested after 5 years of service for the plan.

At July 1, 2018, retirement plan membership consisted of:

	<u>Town</u>	<u>Board of Education</u>
Retirees and beneficiaries		
currently receiving benefits	87	41
Terminated employees entitled to		
benefits but not yet receiving them	1	50
Current active employees	<u>7</u>	<u>106</u>
Total	<u><u>95</u></u>	<u><u>197</u></u>

The plan was closed as follows: (Town Plan) police and nonorganized as of January 1, 1997, public works and dispatchers as of July 1, 1997; and (BOE Plan) effective July 1, 2012, new custodians, nurses and unaffiliated employees will not be covered by this plan.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Summary of Significant Accounting Policies

Basis of Accounting

The pension trust funds' financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable, in accordance with the terms of each plan.

Valuation of Investments

Investments are valued at fair value based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

Funding Policy

Required employee contributions under the plans are as follows:

<u>Town</u>	<u>Board of Education</u>
7.5%	4% or 7%

The Town's contributions are actuarially determined on an annual basis using the entry age normal cost actuarial method. Administration costs are generally financed through investment earnings.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Investments

Investment Policy

The Town's pension investments are governed by its Statement of Investment Policies and Objectives. The policy details asset mix ranges for the following classes of investments: core equities (40% - 50%), international equities (0% - 10%), small to mid-cap equities "SMIDs" (0% - 10%), fixed income investments (40% - 50%), and cash equivalents (0% - 10%). The overall investment return is expected to exceed the actuarial investment return assumption, the inflation rate as measured by the Consumer Price Index, and the return of a passively managed portfolio. Each portfolio has specific objectives as well. The annualized return of the Enhanced Core Equity portfolio is expected to exceed the return of the S & P 500 Stock Index by 1.5% and rank in the upper 40% of a broad universe of managers working under similar objectives. The annualized return of the Fixed Income portfolio is expected to exceed by 1% the Lehman Brothers Aggregate Note Index and rank in the upper 40% of a broad universe of managers with similar objectives. Investment guidelines further spell out the parameters under which the plan's active managers must operate. Overall, no more than 5% of total assets can be invested in any one company's securities, and no more than 15% in any one industry (except for US government securities). In addition, no more than 5% of a corporation's outstanding issues in a given security class may be purchased. Each portfolio has specific guidelines which reflect or further define the general guidelines. Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

<u>Asset Class</u>	<u>Target Allocation</u>
US Core Fixed Income	40.00%
Large Cap US Equities	35.00%
Mid Cap US Equities	10.00%
Developed Foreign Equities	15.00%
Total	100.00%

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.40% for the Town and 5.94% for the Board of Education. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

Town Employees Retirement Plan

The Town's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The components of the net pension liability of the Town at June 30, 2019 were as follows:

Total pension liability	\$	42,198,229
Plan fiduciary net position		<u>19,188,970</u>
Net Pension Liability	\$	<u><u>23,009,259</u></u>
Plan fiduciary net position as a percentage of the total pension liability		45.47%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Core Fixed Income	2.40%
Large Cap US Equities	4.33%
Mid Cap US Equities	4.86%
Developed Foreign Equities	5.55%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, a decrease from the prior year rate of 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of July 1, 2018	\$ 42,089,680	\$ 18,526,589	\$ 23,563,091
Changes for the year:			
Service cost	14,551		14,551
Interest on total pension liability	2,721,665		2,721,665
Effect of economic/demographic gains or losses	189,868		189,868
Effect of assumptions changes or inputs	808,194		808,194
Benefit payments	(3,625,729)	(3,625,729)	-
Employer contributions		3,156,575	(3,156,575)
Member contributions		87,658	(87,658)
Net investment income		1,066,219	(1,066,219)
Administrative expenses		(22,342)	22,342
Net Changes	108,549	662,381	(553,832)
Balances as of June 30, 2019	\$ 42,198,229	\$ 19,188,970	\$ 23,009,259

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(5.50%)	Discount Rate	(7.50%)
		(6.50%)	
Town Employees	\$ 26,556,734	\$ 23,009,259	\$ 19,942,303

Board of Education Retirement Plan

The components of the net pension liability of the Board of Education at June 30, 2019 were as follows:

Total pension liability	\$ 13,461,062
Plan fiduciary net position	<u>11,853,959</u>
Net Pension Liability	\$ <u>1,607,103</u>
Plan fiduciary net position as a percentage of the total pension liability	88.06%

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
US Core Fixed Income	2.40%
Large Cap US Equities	4.33%
Mid Cap US Equities	4.86%
Developed Foreign Equities	5.55%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, a decrease from 6.75% for the prior year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of July 1, 2018	\$ 13,173,250	\$ 10,834,313	\$ 2,338,937
Changes for the year:			
Service cost	490,495		490,495
Interest on total pension liability	903,576		903,576
Effect of economic/demographic gains or losses	(896,489)		(896,489)
Effect of assumptions changes or inputs	354,292		354,292
Benefit payments	(564,062)	(564,062)	-
Employer contributions		698,616	(698,616)
Member contributions		226,274	(226,274)
Net investment income		676,111	(676,111)
Administrative expenses		(17,293)	17,293
Net Changes	287,812	1,019,646	(731,834)
Balances as of June 30, 2019	\$ 13,461,062	\$ 11,853,959	\$ 1,607,103

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Board of Education, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Board of Education	\$ 3,174,796	\$ 1,607,103	\$ 269,260

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Town recognized pension expense of \$2,674,277 for the Town Plan and \$526,001 for the Board of Education Plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Town	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$
Changes of assumptions			
Net difference between projected and actual earning on pension plan investments			174,361
Total	\$	-	\$ 174,361

		Board of Education	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	100,278	\$ 878,772
Changes of assumptions		779,222	
Net difference between projected and actual earning on pension plan investments			109,114
Total	\$	879,500	\$ 987,886

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2020	\$	74,225
2021		(339,321)
2022		(60,463)
2023		42,812
	\$	<u>(282,747)</u>

B. Defined Contribution Plans

Plan Description

The Town maintains two single-employer, defined contribution pension plans, the Avon 401(a) Management Money Purchase Plan and the Avon 401(a) Full-Time Employees' Plan. Both plans are administered by the International City/County Management Association (ICMA). The Town is required to contribute 2.75% of compensation for the Management Money Purchase Plan participants and between 7.50% and 9.25% for the Full-Time Employees' Plan participants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Management Plan covers Town management employees hired prior to July 1, 1997, and the Full-Time Employees' Plan covers regular, full-time employees hired after July 1, 1997.

Summary of Plan Provisions

For both plans, eligible employees must be at least 21 years of age on or prior to their date of employment. Benefits vest 100% after three years. Any nonvested Town contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future Town contributions. Normal retirement date is age 65. Plan provisions and contribution requirements and the authority to amend the provisions are established by the Town Council.

Contribution Requirements and Contributions Made

The total Town contributions for the Management Money Purchase Plan and Full-Time Employees' Plan during the year ended June 30, 2019 were \$9,304 and \$757,826, respectively. Members of the Management Money Purchase Plan are required to contribute 2.75% of their annual earnings, and members of the Full-Time Employees' Plan are required to contribute between 7.50% and 9.25% of their annual earnings. The employees' contributions to each plan were \$9,304 and \$757,826, respectively.

C. Connecticut Teachers Retirement System - Pension

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>89,755,368</u>
Total	\$ <u><u>89,755,368</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$10,073,454 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

5. POSTEMPLOYMENT HEALTHCARE PLAN - OTHER POST EMPLOYMENT BENEFITS PROGRAM

A. Town and Board of Education Plans

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Other Post Employment Benefits Program (OPEBP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description and Benefits Provided

The OPEBP is a single-employer defined benefit healthcare plan administered by the Town of Avon. The OPEBP provides medical and dental to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The Town established a Trust on June 4, 2009. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

Management of the OPEB plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Ad Hoc Pension Investment Advisory Committee, which consists of six members.

At July 1, 2018, plan membership consisted of the following:

	Other Post Employment Benefits Program	
	Town	Board of Education
Retired members	66	37
Beneficiaries	8	2
Spouses of retired members	43	24
Active plan members	94	343
Total Participants	211	406

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees

<u>2018-2019 Monthly Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical - Group 046 Pre 65 Town	\$ 906.56	\$ 1,040.06
Medical - Group 046 Pre 65 Police	906.56	1,040.06*
Medical - Groups 047 Post 65	743.45	852.88
Medical - Group 023 Post 65	469.41	469.41
Dental - All Groups	49.22	69.65

*Includes child dependent costs.

Board of Education Employees

<u>2018-2019 Monthly Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical	\$ 551.89	\$ 596.96
Dental	56.59	80.09

For the year ended June 30, 2019, there were no plan member contributions to the plan. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan were \$1,975,319 for the Town Plan and \$620,355 for the Board of Education Plan. These contributions were made in accordance with actuarially determined requirements.

The Town has assigned a portion of general fund balance to fund these benefits in the future. Net position available for future benefits at June 30, 2019 was \$110,879. The Town plans on transferring these monies into the OPEB Trust Fund in the future.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Investments

Investment Policy

The OPEB Plan's policy in regard to the allocation of invested assets are governed by its Investment Policy Statement (IPS), approved by the Town Council on January 6, 2011. A change was made to the allocation ratios in the IPS; approved by Town Council September 6, 2018. The investment of these assets shall be guided by the following underlying goals: to achieve the stated actuarial target of the Trust; to exceed the rate of inflation as defined by CPI, by approximately 4% per annum over a full market cycle (a 5-10 year period); to maintain sufficient liquidity to meet the obligations of the Trust; to diversify the assets of the Trust in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that could occur from concentrated positions; to achieve investment results over the long-term that compare favorably with those of other municipal investment pools, professionally managed portfolios and appropriate market indexes.

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and an investment advisor consultant.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 1.64% and 8.05% for the Town Employees OPEB Plan and Board of Education Employees OPEB Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Town Employees

Total OPEB liability	\$	33,731,366
Plan fiduciary net position		<u>8,416,207</u>
Net OPEB Liability	\$	<u><u>25,315,159</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		24.95%

Board of Education Employees

Total OPEB liability	\$	8,488,907
Plan fiduciary net position		<u>2,376,357</u>
Net OPEB Liability	\$	<u><u>6,112,550</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		27.99%

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.50%
Inflation rate - Town	2.75%
Inflation rate - BOE	2.70%
Medical trend rate - Town	5.70% - 4.40% over 53 years
Medical trend rate - BOE	5.30% - 4.60% over 59 years
Salary increases	3.50% including inflation*

*graded by service for
teachers and administrators

Mortality - Teachers and Administrators

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA with a two-year age setback, healthy and an eight-year age set forward, disabled. This assumption includes a margin for mortality improvement beyond the valuation date.

Mortality - All Others

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and females with generational projection per Scale AA. This assumption includes a margin for mortality improvement beyond the valuation date.

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2018. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Core Fixed Income	30.00 %	2.40 %
US Large Caps	25.00	4.33
Foreign Developed Equity	17.50	5.55
US Inflation-Indexed Bonds	10.00	1.42
US Mid Caps	6.00	4.86
Emerging Markets Equity	5.00	7.88
US Small Caps	4.00	5.56
US REITs	1.25	5.07
Non-US REITs	1.25	6.20
Total	<u>100.00 %</u>	

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%, a decrease from 7.00% the prior year. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability - Town

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of July 1, 2018	\$ <u>30,944,642</u>	\$ <u>7,086,215</u>	\$ <u>23,858,427</u>
Changes for the year:			
Service cost	727,436		727,436
Interest on total OPEB liability	2,190,751		2,190,751
Effect of economic/demographic gains or losses	(8,561)		(8,561)
Effect of assumptions changes or inputs	641,321		641,321
Benefit payments	(764,223)	(764,223)	-
Employer contributions		1,975,319	(1,975,319)
Net investment income		142,369	(142,369)
Administrative expenses		(23,473)	23,473
Net Changes	<u>2,786,724</u>	<u>1,329,992</u>	<u>1,456,732</u>
Balances as of June 30, 2019	\$ <u>33,731,366</u>	\$ <u>8,416,207</u>	\$ <u>25,315,159</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Changes in the Net OPEB Liability - Board of Education

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of July 1, 2018	\$ 9,903,588	\$ 1,940,749	\$ 7,962,839
Changes for the year:			
Service cost	283,422		283,422
Interest on total OPEB liability	700,168		700,168
Effect of economic/demographic gains or losses	(2,385,800)		(2,385,800)
Effect of assumptions changes or inputs	363,110		363,110
Benefit payments	(375,581)	(375,581)	-
Employer contributions		620,355	(620,355)
Net investment income		190,834	(190,834)
Net Changes	<u>(1,414,681)</u>	<u>435,608</u>	<u>(1,850,289)</u>
Balances as of June 30, 2019	\$ <u>8,488,907</u>	\$ <u>2,376,357</u>	\$ <u>6,112,550</u>

Sensitivity of the Net OPEB liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability - Town	\$ 30,756,923	\$ 25,315,159	\$ 20,967,299
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability - BOE	\$ 6,902,401	\$ 6,112,550	\$ 5,406,533

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.70% Decreasing to 3.40%)	Healthcare Cost Trend Rates (5.70% Decreasing to 4.40%)	1% Increase (6.70% Decreasing to 5.40%)
Net OPEB Liability - Town	\$ 20,424,753	\$ 25,315,159	\$ 31,525,825

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

		1% Decrease (4.30% Decreasing to 3.60%)	Healthcare Cost Trend Rates (5.30% Decreasing to 4.60%)	1% Increase (6.30% Decreasing to 5.60%)
Net OPEB Liability - BOE	\$	5,043,399	\$ 6,112,550	\$ 7,282,557

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,659,321 for the Town and \$624,536 for the Board of Education. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 524,717	\$ 7,004
Changes of assumptions		
Net difference between projected and actual earning on pension plan investments	503,191	
Total	<u>\$ 1,027,908</u>	<u>\$ 7,004</u>
	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 324,888	\$ 2,134,663
Changes of assumptions		
Net difference between projected and actual earning on pension plan investments	22,680	37,135
Total	<u>\$ 347,568</u>	<u>\$ 2,171,798</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30

2020	\$ 41,716
2021	41,716
2022	41,718
2023	(27,886)
2024	(155,390)
Thereafter	<u>(745,200)</u>
	<u>\$ (803,326)</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>17,942,658</u>
Total	\$ <u><u>17,942,658</u></u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of (\$5,960,541) in Exhibit II.

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

6. COMBINING TRUST FUND SCHEDULES

Financial statements for the individual pension plans and the OPEB plans as of and for the year ended June 30, 2019 are as follows:

Statement of Fiduciary Net Position

	Pension Town	Pension Board of Education	Other Post Employment Benefit Fund Town	Other Post Employment Benefit Fund Board of Education	Total Trust Funds
Assets:					
Cash and cash equivalents	\$ 386,835	\$ 92,213	\$ 1,241	\$ 1,063	\$ 481,352
Investments, at fair value:					
Guaranteed interest contract	882,814	427,610			1,310,424
Mutual funds	17,892,317	11,334,136	2,284,363	3,543,240	35,054,056
Total investments	18,775,131	11,761,746	2,284,363	3,543,240	36,364,480
Accounts receivable	52,004				52,004
Due from other funds			6,165,706		6,165,706
Total receivables	52,004	-	6,165,706	-	6,217,710
Total assets	19,213,970	11,853,959	8,451,310	3,544,303	43,063,542
Liabilities:					
Accounts payable			35,103	8,644	43,747
Due to other funds	25,000			1,159,302	1,184,302
Total liabilities	25,000	-	35,103	1,167,946	1,228,049
Net Position:					
Restricted for Pension Benefits	\$ 19,188,970	\$ 11,853,959	\$ 8,416,207	\$ 2,376,357	\$ 41,835,493

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Statement of Changes in Fiduciary Net Position

	Pension Town	Pension Board of Education	Other Post Employment Benefit Fund Town	Other Post Employment Benefit Fund Board of Education	Total Trust Funds
Additions:					
Contributions:					
Employer	\$ 3,156,575	\$ 698,616	\$ 1,975,319	\$ 620,355	\$ 6,450,865
Plan members	87,658	226,274			313,932
Total contributions	<u>3,244,233</u>	<u>924,890</u>	<u>1,975,319</u>	<u>620,355</u>	<u>6,764,797</u>
Investment income:					
Net change in fair value of investments	12,078	242,135			254,213
Interest and dividends	<u>1,054,141</u>	<u>433,976</u>	<u>142,399</u>	<u>190,834</u>	<u>1,821,350</u>
Total investment income	<u>1,066,219</u>	<u>676,111</u>	<u>142,399</u>	<u>190,834</u>	<u>2,075,563</u>
Less investment expenses			<u>30</u>		<u>30</u>
Net investment income	<u>1,066,219</u>	<u>676,111</u>	<u>142,369</u>	<u>190,834</u>	<u>2,075,533</u>
Total additions	<u>4,310,452</u>	<u>1,601,001</u>	<u>2,117,688</u>	<u>811,189</u>	<u>8,840,330</u>
Deductions:					
Benefits	3,625,729	564,062	764,223	375,581	5,329,595
Administration	<u>22,342</u>	<u>17,293</u>	<u>23,473</u>		<u>63,108</u>
Total deductions	<u>3,648,071</u>	<u>581,355</u>	<u>787,696</u>	<u>375,581</u>	<u>5,392,703</u>
Net change in net position	662,381	1,019,646	1,329,992	435,608	3,447,627
Net position at beginning of year	<u>18,526,589</u>	<u>10,834,313</u>	<u>7,086,215</u>	<u>1,940,749</u>	<u>38,387,866</u>
Net Position at End of Year	<u>\$ 19,188,970</u>	<u>\$ 11,853,959</u>	<u>\$ 8,416,207</u>	<u>\$ 2,376,357</u>	<u>\$ 41,835,493</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

7. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The Town established an internal service fund, the medical claims fund, to account for and finance the retained risk of loss for the Town's medical benefits claims. A third party administers the medical insurance plan for which the Town pays a fee. The medical claims fund provides coverage for regular full-time Town employees. The fund is substantially funded by the Town's General Fund through annual appropriations. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical claims fund is as follows:

	Balance July 1	Current Year Claims and Changes in Estimates	Claims Payments	Balance June 30
Medical Claims Fund:				
2018-2019	\$ 507,004	\$ 8,914,851	\$ 9,065,912	\$ 355,943
2017-2018	645,501	8,792,257	8,930,754	507,004

B. Commitments and Litigation

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AVON RETIREMENT SYSTEM
LAST SIX FISCAL YEARS***

TOWN

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 163,905	\$ 149,834	\$ 146,076	\$ 106,979	\$ 72,683	\$ 14,551
Interest	2,980,790	2,979,055	2,925,097	2,881,746	2,801,325	2,721,665
Effect of economic/demographic gains or losses						189,868
Differences between expected and actual experience		436,694	(87,525)	142,719	297,926	808,194
Changes of assumptions		430,089	426,171	820,553	814,832	
Benefit payments, including refunds of member contributions	<u>(3,266,880)</u>	<u>(3,429,651)</u>	<u>(3,595,436)</u>	<u>(3,665,823)</u>	<u>(3,625,343)</u>	<u>(3,625,729)</u>
Net change in total pension liability	(122,185)	566,021	(185,617)	286,174	361,423	108,549
Total pension liability - beginning	<u>41,183,864</u>	<u>41,061,679</u>	<u>41,627,700</u>	<u>41,442,083</u>	<u>41,728,257</u>	<u>42,089,680</u>
Total pension liability - ending	<u>41,061,679</u>	<u>41,627,700</u>	<u>41,442,083</u>	<u>41,728,257</u>	<u>42,089,680</u>	<u>42,198,229</u>
Plan fiduciary net position:						
Contributions - employer	2,367,723	2,611,489	2,718,922	2,784,344	2,974,142	3,156,575
Contributions - employee	61,664	62,311	58,945	47,386	31,969	87,658
Net investment income	2,615,214	392,103	(221,261)	2,065,484	1,604,141	1,066,219
Benefit payments, including refunds of member contributions	<u>(3,266,880)</u>	<u>(3,429,651)</u>	<u>(3,595,436)</u>	<u>(3,665,823)</u>	<u>(3,625,343)</u>	<u>(3,625,729)</u>
Administrative expense	<u>(21,273)</u>	<u>(21,105)</u>	<u>(21,846)</u>	<u>(21,453)</u>	<u>(22,640)</u>	<u>(22,342)</u>
Net change in plan fiduciary net position	1,756,448	(384,853)	(1,060,676)	1,209,938	962,269	662,381
Plan fiduciary net position - beginning	<u>16,043,463</u>	<u>17,799,911</u>	<u>17,415,058</u>	<u>16,354,382</u>	<u>17,564,320</u>	<u>18,526,589</u>
Plan fiduciary net position - ending	<u>17,799,911</u>	<u>17,415,058</u>	<u>16,354,382</u>	<u>17,564,320</u>	<u>18,526,589</u>	<u>19,188,970</u>
Town's Net Pension Liability - Ending	<u>\$ 23,261,768</u>	<u>\$ 24,212,642</u>	<u>\$ 25,087,701</u>	<u>\$ 24,163,937</u>	<u>\$ 23,563,091</u>	<u>\$ 23,009,259</u>
Plan fiduciary net position as a percentage of the total pension liability	43.35%	41.84%	39.46%	42.09%	44.02%	45.47%
Covered payroll	\$ 1,528,161	\$ 1,244,618	\$ 1,146,084	\$ 1,008,320	\$ 968,415	\$ 835,010
Town's net pension liability as a percentage of covered payroll	1522.21%	1945.39%	2188.99%	2396.46%	2433.16%	2755.57%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AVON RETIREMENT SYSTEM
LAST SIX FISCAL YEARS***

BOARD OF EDUCATION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 525,256	\$ 556,668	\$ 536,754	\$ 563,301	\$ 576,814	\$ 490,495
Interest	611,000	658,710	712,072	782,703	858,481	903,576
Changes in benefit terms			(152,845)			
Effect of economic/demographic gains or losses						(896,489)
Differences between expected and actual experience	119,783	(193,612)	252,702	175,488	(68,982)	
Changes of assumptions				310,917	347,954	354,292
Benefit payments, including refunds of member contributions	(402,777)	(364,877)	(293,632)	(308,945)	(448,848)	(564,062)
Net change in total pension liability	853,262	656,889	1,055,051	1,523,464	126,541	287,812
Total pension liability - beginning	7,819,165	8,672,427	9,329,316	10,384,367	11,907,831	13,173,250
Total pension liability - ending	8,672,427	9,329,316	10,384,367	11,907,831	13,173,250	13,461,062
Plan fiduciary net position:						
Contributions - employer	507,738	506,967	508,433	514,235	622,289	698,616
Contributions - employee	299,105	293,265	304,720	277,493	227,313	226,274
Net investment income	871,716	175,505	(46,816)	1,048,650	861,522	676,111
Benefit payments, including refunds of member contributions	(402,777)	(364,877)	(293,632)	(308,945)	(448,848)	(564,062)
Administrative expense	(14,704)	(14,465)	(13,785)	(14,746)	(17,793)	(17,293)
Net change in plan fiduciary net position	1,261,078	596,395	458,920	1,516,687	1,244,483	1,019,646
Plan fiduciary net position - beginning	5,756,750	7,017,828	7,614,223	8,073,143	9,589,830	10,834,313
Plan fiduciary net position - ending	7,017,828	7,614,223	8,073,143	9,589,830	10,834,313	11,853,959
Town's Net Pension Liability - Ending	\$ <u>1,654,599</u>	\$ <u>1,715,093</u>	\$ <u>2,311,224</u>	\$ <u>2,318,001</u>	\$ <u>2,338,937</u>	\$ <u>1,607,103</u>
Plan fiduciary net position as a percentage of the total pension liability	80.92%	81.62%	77.74%	80.53%	82.24%	88.06%
Covered payroll	\$ 4,234,029	\$ 4,580,259	\$ 4,872,609	\$ 4,459,116	\$ 4,885,541	\$ 4,793,820
Town's net pension liability as a percentage of covered payroll	39.08%	37.45%	47.43%	51.98%	47.87%	33.52%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AVON RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

TOWN

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially-determined contribution	\$ 1,758,507	\$ 1,966,862	\$ 2,030,829	\$ 2,119,020	\$ 2,367,723	\$ 2,611,489	\$ 2,718,922	\$ 2,784,344	\$ 2,965,142	\$ 3,140,575
Contributions in relation to the actuarially-determined contribution	<u>1,758,507</u>	<u>1,966,862</u>	<u>2,030,829</u>	<u>2,119,020</u>	<u>2,367,723</u>	<u>2,611,489</u>	<u>2,718,922</u>	<u>2,784,344</u>	<u>2,974,142</u>	<u>3,156,575</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(9,000)</u>	\$ <u>(16,000)</u>
Covered payroll	\$ 2,824,488	\$ 2,481,802	\$ 1,954,201	\$ 1,540,675	\$ 1,528,161	\$ 1,244,618	\$ 1,146,084	\$ 1,008,320	\$ 968,415	\$ 835,010
Contributions as a percentage of covered payroll	62.26%	79.25%	103.92%	137.54%	154.94%	209.82%	237.24%	276.14%	307.11%	378.03%

Notes to Schedule

Valuation date July 1, 2018
Measurement date June 30, 2019

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, layered
Remaining amortization period	10 years
Asset valuation method	5 year non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.50%
Retirement age	All members are assumed to retire on their normal retirement date
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale AA

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AVON RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

BOARD OF EDUCATION

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially-determined contribution	\$ 210,811	\$ 283,245	\$ 318,093	\$ 330,426	\$ 480,771	\$ 506,967	\$ 504,392	\$ 514,235	\$ 622,289	\$ 698,616
Contributions in relation to the actuarially-determined contribution	210,811	283,000	318,093	480,000	507,738	506,967	508,433	514,235	622,289	698,616
Contribution Deficiency (Excess)	\$ -	\$ 245	\$ -	\$ (149,574)	\$ (26,967)	\$ -	\$ (4,041)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,485,158	\$ 3,754,830	\$ 3,880,490	\$ 4,041,241	\$ 4,234,029	\$ 4,580,259	\$ 4,872,609	\$ 4,459,116	\$ 4,885,541	\$ 4,793,820
Contributions as a percentage of covered payroll	6.05%	7.54%	8.20%	11.88%	11.99%	11.07%	10.43%	11.53%	12.74%	14.57%

Notes to Schedule

Valuation date	July 1, 2018
Measurement date	June 30, 2019

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, layered
Remaining amortization period	10 years
Asset valuation method	5 year non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.50%
Retirement age	Age-based table
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale AA

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
AVON RETIREMENT SYSTEM
LAST SIX FISCAL YEARS ***

TOWN

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	15.71%	2.34%	(1.22%)	12.52%	8.62%	5.40%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
AVON RETIREMENT SYSTEM
LAST SIX FISCAL YEARS ***

BOARD OF EDUCATION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	15.55%	2.42%	(0.58%)	12.59%	8.67%	5.94%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FIVE FISCAL YEARS*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>68,083,931</u>	<u>73,660,024</u>	<u>95,715,132</u>	<u>90,724,585</u>	<u>89,755,368</u>
Total	<u>\$ 68,083,931</u>	<u>\$ 73,660,024</u>	<u>\$ 95,715,132</u>	<u>\$ 90,724,585</u>	<u>\$ 89,755,368</u>
Town's covered payroll	\$ 26,073,558	\$ 26,651,752	\$ 27,614,326	\$ 27,547,607	\$ 28,723,475
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension lia	61.51%	59.50%	52.26%	55.93%	57.69%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS*

TOWN	2017	2018	2019
Total OPEB liability:			
Service cost	\$ 555,395	\$ 594,273	\$ 727,436
Interest	1,942,235	2,052,127	2,190,751
Effect of economic/demographic gains or losses			(8,561)
Changes of assumptions			641,321
Benefit payments	<u>(1,095,722)</u>	<u>(833,086)</u>	<u>(764,223)</u>
Net change in total OPEB liability	1,401,908	1,813,314	2,786,724
Total OPEB liability - beginning	<u>27,729,420</u>	<u>29,131,328</u>	<u>30,944,642</u>
Total OPEB liability - ending	<u>29,131,328</u>	<u>30,944,642</u>	<u>33,731,366</u>
Plan fiduciary net position:			
Contributions - employer	1,946,608	2,130,593	1,975,319
Contributions - member	153,311		
Net investment income	169,420	132,046	142,369
Benefit payments	(1,079,312)	(833,086)	(764,223)
Administrative expense	<u>(16,410)</u>	<u>(5,900)</u>	<u>(23,473)</u>
Net change in plan fiduciary net position	1,173,617	1,423,653	1,329,992
Plan fiduciary net position - beginning	<u>4,488,945</u>	<u>5,662,562</u>	<u>7,086,215</u>
Plan fiduciary net position - ending	<u>5,662,562</u>	<u>7,086,215</u>	<u>8,416,207</u>
Net OPEB Liability - Ending	<u>\$ 23,468,766</u>	<u>\$ 23,858,427</u>	<u>\$ 25,315,159</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.44%	22.90%	24.95%
Covered payroll	\$ 4,848,188	\$ 5,277,848	\$ 5,277,848
Net OPEB liability as a percentage of covered payroll	484.07%	452.05%	479.65%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS*

BOARD OF EDUCATION	2017	2018	2019
Total OPEB liability:			
Service cost	\$ 349,565	\$ 374,035	283,422
Interest	607,202	654,981	700,168
Effect of economic/demographic gains or losses			(2,385,800)
Changes of assumptions			363,110
Benefit payments	(381,547)	(212,941)	(375,581)
Net change in total OPEB liability	575,220	816,075.00	(1,414,681)
Total OPEB liability - beginning	8,512,293	9,087,513	9,903,588
Total OPEB liability - ending	9,087,513	9,903,588	8,488,907
Plan fiduciary net position:			
Contributions - employer	1,096,301	1,389,412	620,355
Contributions - member	162,121		
Net investment income (loss)	16,759	53,128	190,834
Benefit payments	(381,137)	(212,941)	(375,581)
Administrative expense	(410)		
Net change in plan fiduciary net position	893,634	1,229,599	435,608
Plan fiduciary net position - beginning	(182,484)	711,150	1,940,749
Plan fiduciary net position - ending	711,150	1,940,749	2,376,357
Net OPEB Liability - Ending	\$ 8,376,363	\$ 7,962,839	6,112,550
Plan fiduciary net position as a percentage of the total OPEB liability	7.83%	19.60%	27.99%
Covered payroll	\$ 27,317,927	\$ 29,004,929	29,004,929
Net OPEB liability as a percentage of covered payroll	30.66%	27.45%	21.07%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

TOWN

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution (1)	\$ 1,294,000	\$ 1,389,000	\$ 1,617,000	\$ 1,715,000	\$ 1,915,000	\$ 2,007,000	\$ 2,169,173	\$ 2,356,683	\$ 2,548,324	\$ 2,700,739
Contributions in relation to the actuarially determined contribution	<u>863,000</u>	<u>1,040,000</u>	<u>1,142,000</u>	<u>1,545,000</u>	<u>1,712,000</u>	<u>1,895,000</u>	<u>1,809,878</u>	<u>1,946,608</u>	<u>2,130,593</u>	<u>1,975,319</u>
Contribution Deficiency (Excess)	<u>\$ 431,000</u>	<u>\$ 349,000</u>	<u>\$ 475,000</u>	<u>\$ 170,000</u>	<u>\$ 203,000</u>	<u>\$ 112,000</u>	<u>\$ 359,295</u>	<u>\$ 410,075</u>	<u>\$ 417,731</u>	<u>\$ 725,420</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 4,848,188	\$ 4,848,188	\$ 5,277,848	\$ 4,848,188
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	37.33%	40.15%	40.37%	40.74%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation date: July 1, 2018
Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Amortization period	14 years
Asset valuation method	5-year smoothed market, non-asymptotic
Inflation	2.75%
Salary increases, including inflation	3.50%
Discount rate	6.50%
Healthcare trend rates	5.70% - 4.40% over 53 years

TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS

BOARD OF EDUCATION

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution (1)	\$ 1,093,000	\$ 825,000	\$ 854,000	\$ 913,000	\$ 935,000	\$ 1,016,000	\$ 974,866	\$ 1,063,989	\$ 1,111,525	\$ 1,177,141
Contributions in relation to the actuarially determined contribution	<u>664,000</u>	<u>714,000</u>	<u>607,000</u>	<u>601,000</u>	<u>507,000</u>	<u>540,000</u>	<u>569,278</u>	<u>1,096,301</u>	<u>1,389,412</u>	<u>620,355</u>
Contribution Deficiency (Excess)	<u>\$ 429,000</u>	<u>\$ 111,000</u>	<u>\$ 247,000</u>	<u>\$ 312,000</u>	<u>\$ 428,000</u>	<u>\$ 476,000</u>	<u>\$ 405,588</u>	<u>\$ (32,312)</u>	<u>\$ (277,887)</u>	<u>\$ 556,786</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 25,533,000	\$ 25,533,000	\$ 27,317,927	\$ 27,317,927	\$ 29,004,929	\$ 29,004,929
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	1.99%	2.11%	2.08%	4.01%	4.79%	2.14%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2018
Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Amortization period	14 years
Asset valuation method	5-year smoothed market, non-asymptotic
Inflation	2.70%
Salary increases	Graded by service for Teachers and Administrators; 3.50% for all others
Discount rate	6.50%
Healthcare trend rates	5.30% - 4.60% over 59 years

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST THREE FISCAL YEARS***

TOWN

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	4.10%	2.45%	1.64%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 OPEB
 LAST THREE FISCAL YEARS***

BOARD OF EDUCATION

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	10.20%	4.73%	8.05%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST TWO FISCAL YEARS***

	<u>2018</u>	<u>2019</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>23,351,462</u>	<u>17,942,658</u>
Total	<u>\$ 23,351,462</u>	<u>17,942,658</u>
Town's covered payroll	\$ 27,547,607	\$ 28,723,475
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%	1.49%

Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Avon
Avon, Connecticut

We have represented the Town of Avon, Connecticut as Bond Counsel in connection with the issuance by the Town of \$3,275,000 General Obligation Bonds, Issue of 2020, dated as of June 16, 2020.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Avon is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Bonds are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any

bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Owners of the Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds will not have an effect on the federal tax status or the market price of the Bonds or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of June 16, 2020 by the Town of Avon, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$3,275,000 General Obligation Bonds, Issue of 2020, dated as of June 16, 2020 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated June 2, 2020 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2020) as follows:

(i) Financial statements of the Issuer's general fund, and any special revenue, capital projects, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (1) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (2) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

- (3) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (4) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (5) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (6) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (7) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list,
- (8) statement of statutory debt limitation as of the close of the fiscal year, and
- (9) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

Events (o) and (p). The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town Hall, 60 West Main Street, Avon, Connecticut 06001.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(q) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(r) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(s) This Agreement shall be governed by the laws of the State of Connecticut.

(t) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the

provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(u) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF AVON

By _____
Brandon L. Robertson
Town Manager

By _____
James R. McCarthy
Treasurer