



Comprehensive Annual Financial Report

for the year ended
December 31, 2016

Town of Avon
One Lake Street ▪ Avon, CO ▪ 81620 ▪ 970-748-4000 ▪ www.avon.org



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TOWN OF AVON, COLORADO
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2016

TOWN COUNCIL

Jennie Fancher, Mayor
Sarah Smith Hymes, Mayor Pro Tem
Megan Burch
Matt Gennett
Amy Phillips
Scott Prince
Jake Wolf

MANAGEMENT

Virginia Egger, Town Manager
Preston Neill, Executive Assistant to the Town Manager
Scott Wright, Asst. Town Manager / Finance Director
John Curutchet, Recreation Director
Greg Daly, Police Chief
Justin Hildreth, Town Engineer
Rego Omerigic, Fleet Director
Gary Padilla, Public Works Director
Matt Pielsticker, Planning Director
Lance Richards, Human Resources Director
Eva Wilson, Transportation Director

TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

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TOWN OF AVON, COLORADO

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INTRODUCTION



May 9, 2017

To the Honorable Mayor, Members of the Town Council and Citizens of the Town of Avon:

Town Charter and State statutes require that the Town of Avon (Town) issue a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the Town of Avon for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the Town of Avon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Avon has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Avon's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the Town of Avon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Avon's financial statements have been audited by McMahan and Associates, L.L.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Avon for the fiscal year ended December 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Avon's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's

Letter of Transmittal
Town of Avon, Colorado
May 9, 2017

Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Avon's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Avon was incorporated in 1978 and is located in Eagle County, eight miles west of the Town of Vail and seventeen miles east of the Town of Eagle. The Town sits north of U.S. Highway 6, directly adjacent to the Beaver Creek Resort and is bisected by Interstate Highway 70 from east to west. The primary transportation route to and from Avon is I-70. Aviation services and transportation are available at the Eagle County Airport, 24 miles west of the Town. The Town provides bus transportation services within the Town and offers, in funding partnership with the Beaver Creek Resort Company, a high-speed gondola that provides direct access to Beaver Creek Resort. Avon is also served by the Eagle County Regional Transit Authority which provides bus service throughout Eagle County. Eagle County encompasses approximately 1,694 square miles and spans from the summit of Vail Pass to Glenwood Canyon. Approximately 80% of Eagle County's land is public – comprised of National Forests, wilderness areas, Bureau of Land Management properties, and state and local public lands.

The Town of Avon currently encompasses approximately 8¼ square miles. The 2010 Census reported a population of 6,447. This figure represents the permanent resident population. Total population increases significantly during the winter tourist ski season.

The Town operates under the council/manager form of government. Policy-making and legislative authority are vested in the Town Council, which consists of a mayor and a six-member council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, and appointing a Town Manager, Town Attorney, Town Prosecutor and Municipal Judge. The Town Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the Town, and for appointing the heads of the Town's departments.

The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected in November, 2016, and the remaining four to be elected in November, 2018. The mayor and mayor pro-tem are elected from amongst the elected council members by a majority vote. The mayor presides at meetings of council and shall not vote until all other Council members present who are eligible to vote have had reasonable opportunity to vote. The affirmative concurring vote of four (4) Council members is required for the adoption of an ordinance, resolution, order for appropriation, approval of a contract or approval of an intergovernmental agreement.

Letter of Transmittal
Town of Avon, Colorado
May 9, 2017

The Town is a home-rule community empowered to levy a property tax on the assessed value of real property located within the Town. The Town collects a 4% sales tax on all retail sales, and a 4% accommodations tax on the lease or rental of hotel rooms, condominium units and other accommodations within the Town. The Town also collects a 2% real estate transfer tax on all sales of real property located within the Town. An important exception is within The Village at Avon Planned Unit Development where, in accordance with the Annexation and Development Agreement of October 13, 1998, and as subsequently amended, the Town does not currently collect these taxes. The Town has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Town Council.

The Town provides a full range of municipal services including police protection; the construction and maintenance of parks, streets and roads, and infrastructure; recreational amenities and cultural activities and events; community planning and zoning; and general administrative services.

The annual budget serves as the foundation for the Town of Avon's financial planning and control. No later than October 15th, the Town Manager submits to the Mayor and Town Council a proposed budget for the calendar year commencing the following January 1st. The budget is prepared by fund, department, program and project and includes information on the prior year, current estimates and requested appropriations and estimated revenues for the upcoming year.

The Town Council holds public hearings and may change appropriations except for expenditures required by law for debt service or for estimated cash deficits. No change to the budget may increase the authorized expenditures to any amount greater than the total amount of funds available. The Town Council must adopt the budget by resolution prior to December 15th. Once adopted, the Town Council may at any time, by resolution, amend the budget. In addition, the Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department. A department is defined by the Town as a distinct, principal or specialized division (e.g. the department of public works).

Expenditures may not legally exceed budgeted appropriations at the fund level. Budget to actual comparison are provided in this report for all funds and are presented at a lower-than-required level of control to facilitate detailed financial analysis.

Budgetary comparisons for the Town's General Fund and its major special revenue funds (Avon Urban Renewal Authority, Water Fund) are presented as required supplemental information in this report. Budget to actual comparisons for all other Town funds are included as other supplemental information in this report.

Letter of Transmittal
Town of Avon, Colorado
May 9, 2017

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when considered from a broader perspective rather than just the specific environment in which the Town operates.

Local Economy. Year-round tourism and winter recreation-related businesses account for a significant portion of the employment and earned income of area residents. Skier and snowboarder visits at Vail and Beaver Creek Resort account for almost 20% of the total such visits in Colorado. Called “A skier’s Disneyland” Skinet.com ranked Vail as the #4 ski resort in the West for the 2016-2017 season, while Beaver Creek Resort was ranked 6th.

In addition to skiing and associated winter-time activities, the area promotes a number of summer activities. The Town of Avon sponsors numerous special events throughout the year to area residents and visitors including a 4th of July fireworks display; multiple sporting events, such as Colorado’s annual Triple Bypass Bike Tour; and family-friendly activities like the Father’s Day Fishing Derby. Avon’s Whitewater Park, with three distinct water features, is also open all summer for boaters and spectators to enjoy. Offering several championship golf courses, Eagle County has earned a rating by Golf Digest Magazine as one of the top 40 golf communities in which to live. Other summer activities include hiking, horseback riding, bicycling, kayaking and rafting, as well as other recreational sports.

Property Values. Property tax, which is based on assessed property values and a mill rate, represents approximately thirty percent of the Town’s total tax revenues. Assessed values are dependent upon real property growth and market values of property, along with assessment ratios established by the State legislature. Overall, real property values in Eagle County increased by 0.4 percent for the 2016 assessment, after increasing by 14.3 percent from the previous year, which was a reassessment year.

In Avon, real property values increased by 0.07 percent in 2016 and another 18.6 percent in 2015 which has resulted in an increase of approximately \$296,644 annually in general fund revenues used for basic municipal services.

Strategic Plan

Strategic Planning. Town Council updated and approved its *2017-18 Town of Avon Strategic Plan* on June 28, 2016. The 2017-18 budget utilizes a priority-based budget approach for using a strategic decision-making process in funding programs and services to best ensure effective use of the Town’s limited resources. This process is intended to evolve over time to provide more useful information as to the relative importance of individual programs and services which can then be prioritized within

Letter of Transmittal
Town of Avon, Colorado
May 9, 2017

and across departments. This budget approach requires budget narratives which describe discrete and specific activities and/or operations for each Town fund and program. Each operation is then quantified in terms of estimated personnel and nonpersonnel costs providing a total cost for the operation.

Current Initiatives

Avon's strategic plan recognizes the importance of vibrancy and activity within the Town and states that it will be supported by partnering with existing special events and attracting an array of new and diverse cultural, educational and recreational events to Avon which meet the Town's brand and are in concert with the values of our community. The Town's significant investment in special events continues in 2017 with several new and returning signature events. A total budget of \$50,000 is budgeted for signature events, with another \$390,000 set aside in fund balances for events unnamed at the time the budget was adopted. Another \$302,421 is budgeted for Town-produced events.

In addition to special events, the Town continues to solicit and develop a diverse program of arts, educational, cultural and recreational offerings, and continues to expand the use of the Nottingham Park Pavilion. In particular, the Nottingham Park Destination Jump, Splash, Learn Playground is scheduled for construction in 2017.

Capital Improvement Projects.

The Town updates its capital improvements long-range plan annually. Several improvement projects are approved for 2017 that have been in the planning and design stage for several years.

Major projects include completion of the Joint Public Safety Facility, the New Town Hall tenant finish project, the Nottingham Park Destination Jump, Splash, Learn Playground project mentioned above, remodel of the Nottingham Park restrooms and the Beaver Creek Blvd. Walkability project.

Awards and Acknowledgements

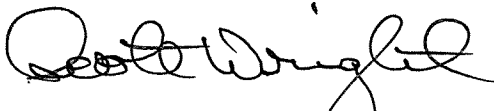
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the twenty-fourth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

Letter of Transmittal
Town of Avon, Colorado
May 9, 2017

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. Due credit should also be given to the Mayor, Town Council, and Town Manager for their interest, support and leadership in planning and conducting the operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott Wright". The signature is fluid and cursive, with a large initial "S" and "W".

Scott C. Wright, CPA, CPFO
Asst. Town Manager / Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

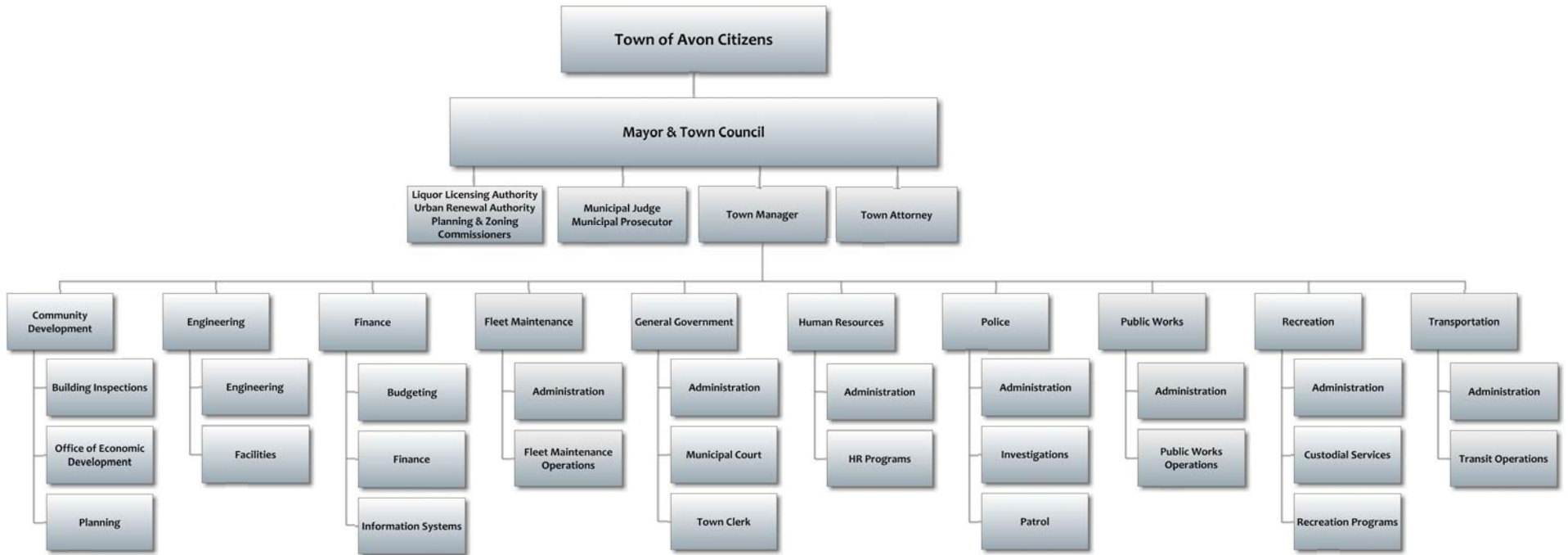
Presented to

**Town of Avon
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

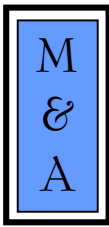
December 31, 2015

Executive Director/CEO





FINANCIAL SECTION



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Town Council
Town of Avon, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Avon, Colorado, Colorado (the "Town"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statement presentation.

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Avon, Colorado, Colorado as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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INDEPENDENT AUDITOR'S REPORT
To the Honorable Mayor and Town Council
Town of Avon, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-16 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, who 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.

The budgetary comparison information on pages 55-58 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements taken as a whole. The introductory section, combining fund financial statements, individual fund budgetary information, the Debt Schedule, the Local Highway Finance Report, and the statistical section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the Town's financial statements. The combining fund financial statements, the individual fund budgetary information, the Debt Schedule, detailed budgetary schedules and the Local Highway Finance Report on pages 59-87 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 4, 2017

Management's Discussion and Analysis

As management of the Town of Avon, we offer readers of the Town of Avon's financial statements this narrative overview and analysis of the financial activities of the Town of Avon for the fiscal year ended December 31, 2016. 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 exceeded its liabilities and deferred inflows at the close of its fiscal year ended December 31, 2016 by \$95,221,682 (net position). Of this amount, \$17,250,037 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies as more fully described below.
- The Town's total net position increased by \$2,024,709.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,861,212, an increase of \$3,816,830 from the prior year. Approximately 28.2 percent of this total amount, \$5,312,950, is available for spending at the Town's discretion (unassigned fund balance).
- The unassigned fund balance for the General Fund was \$5,312,950, or 33.5 percent of total General Fund expenditures and other financing uses. This represents a \$403,966 increase from the prior year.
- The Town of Avon's long-term liabilities increased by a net \$5,099,825 during the current fiscal year. Regular principal payments were made on bonded debt of \$1,405,000, and capital leases of \$170,828. New debt of \$6,602,205 including bond premium of \$302,205 was issued.

Overview of the Financial Statements

This discussion and analysis are 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 the financial statements. This report also contains required supplementary information and 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 of Avon's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town of Avon'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., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town of Avon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Avon include general government, community development, public safety, public works and utilities, and recreation and culture. The business-type activities of the Town include transportation and fleet maintenance operations.

The government-wide financial statements include not only the Town of Avon itself (known as the *primary government*), but also the Avon Urban Renewal Authority, a legally separate entity, which was established in August, 2007 to undertake urban renewal plans and projects with the Town. All members of the governing body are Town Council members. For financial reporting purposes, AURA is blended into the Town's financial statements and is reported as a major fund in the basic financial statements.

The government-wide financial statements can be found on pages 17-19 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 of Avon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds, and proprietary 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 inflow 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 a government'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 of Avon maintains seven 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, Avon Urban Renewal Authority fund, Water Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other two nonmajor governmental funds (community enhancement fund, affordable housing fund) are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. The Town of Avon maintains two different types of proprietary funds. *Enterprise funds* are used to report the same function presented as business-type activities in the government-wide financial statements. The Town of Avon uses enterprise funds to account for its transportation operations and its fleet maintenance operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Avon uses an internal service fund to account for the rental of vehicles and equipment to Town departments for the accumulation of funds for future replacement. Because this service predominately benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the transit fund and the fleet maintenance fund operations. Separate information is also provided for the Town's internal service fund. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the 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 financial statements can be found on pages 28-54 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. The Town of Avon adopts an annual appropriated budget for its General Fund and major special revenue fund. Budgetary comparison statements have been provided for the General Fund, Avon Urban Renewal Authority Fund, and Water Fund to demonstrate compliance with these budgets and can be found on pages 55-57 of this report.

Other Supplemental Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented under other supplemental information immediately following the required supplemental information. Individual fund statements and schedules and other miscellaneous schedules can also be found in this section on pages 59-87 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 the Town of Avon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,221,682 as of December 31, 2016.

The largest portion of the Town's net position (73%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in 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.

An additional portion of the Town's net position (8.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (18.1%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Condensed Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 22,060,949	\$ 20,792,760	\$ 1,088,169	\$ 1,052,897	\$ 23,149,118	\$ 21,845,657
Restricted Assets	7,065,106	4,025,445	-	-	7,065,106	4,025,445
Capital Assets, net	<u>76,741,508</u>	<u>73,426,653</u>	<u>14,201,730</u>	<u>14,602,496</u>	<u>90,943,238</u>	<u>88,029,149</u>
Total Assets	<u>105,867,563</u>	<u>98,244,858</u>	<u>15,289,899</u>	<u>15,655,393</u>	<u>121,157,462</u>	<u>113,900,251</u>
Deferred Outflows of Resources	-	13,176	-	-	-	13,176
Other Liabilities	2,243,412	1,547,523	82,862	106,845	2,326,274	1,654,368
Noncurrent Liabilities	<u>19,004,448</u>	<u>13,716,889</u>	<u>2,821,824</u>	<u>3,009,558</u>	<u>21,826,272</u>	<u>16,726,447</u>
Total Liabilities	<u>21,247,860</u>	<u>15,264,412</u>	<u>2,904,686</u>	<u>3,116,403</u>	<u>24,152,546</u>	<u>18,380,815</u>
Deferred Inflows of Resources	<u>1,737,308</u>	<u>2,289,299</u>	<u>45,926</u>	<u>46,340</u>	<u>1,783,234</u>	<u>2,335,639</u>
Net Position:						
Net Investment in Capital Assets	58,088,785	60,000,945	11,430,538	11,633,282	69,519,323	71,634,227
Restricted	8,452,322	9,419,457	-	-	8,452,322	9,419,457
Unrestricted	<u>16,341,288</u>	<u>11,283,921</u>	<u>908,749</u>	<u>859,368</u>	<u>17,250,037</u>	<u>12,143,289</u>
Total Net Position	<u>\$ 82,882,395</u>	<u>\$ 80,704,323</u>	<u>\$ 12,339,287</u>	<u>\$ 12,492,650</u>	<u>\$ 95,221,682</u>	<u>\$ 93,196,973</u>

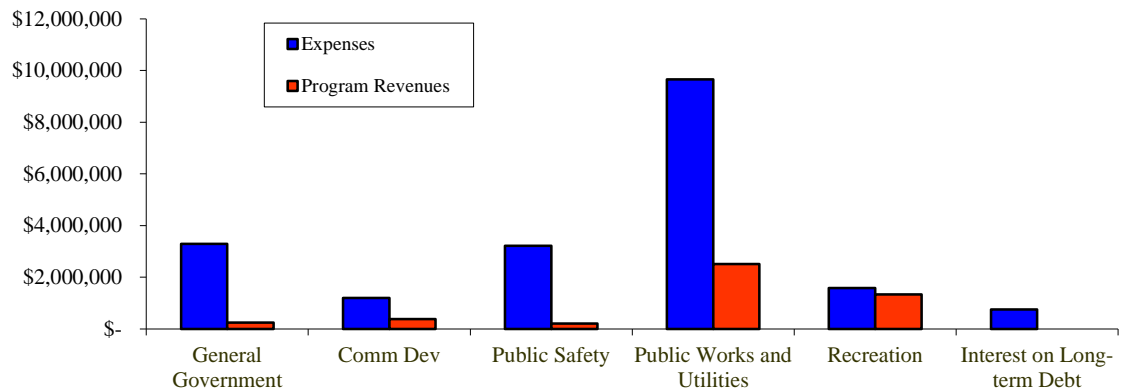
Analysis of the Town's Operations

Overall, the Town's net position increased by \$2,024,789 for 2016. Governmental activities increased net position by \$2,178,072, while business-type activities decreased net position by \$153,363. The largest contributor to this increase was restricted assets consisting mainly of unspent bond funds issued to finance construction of a new public safety facility. The Town also received a federal grant in the amount of \$1,355,000 for the construction of a segment of the Eagle Valley Regional Trail in Avon along the Eagle River.

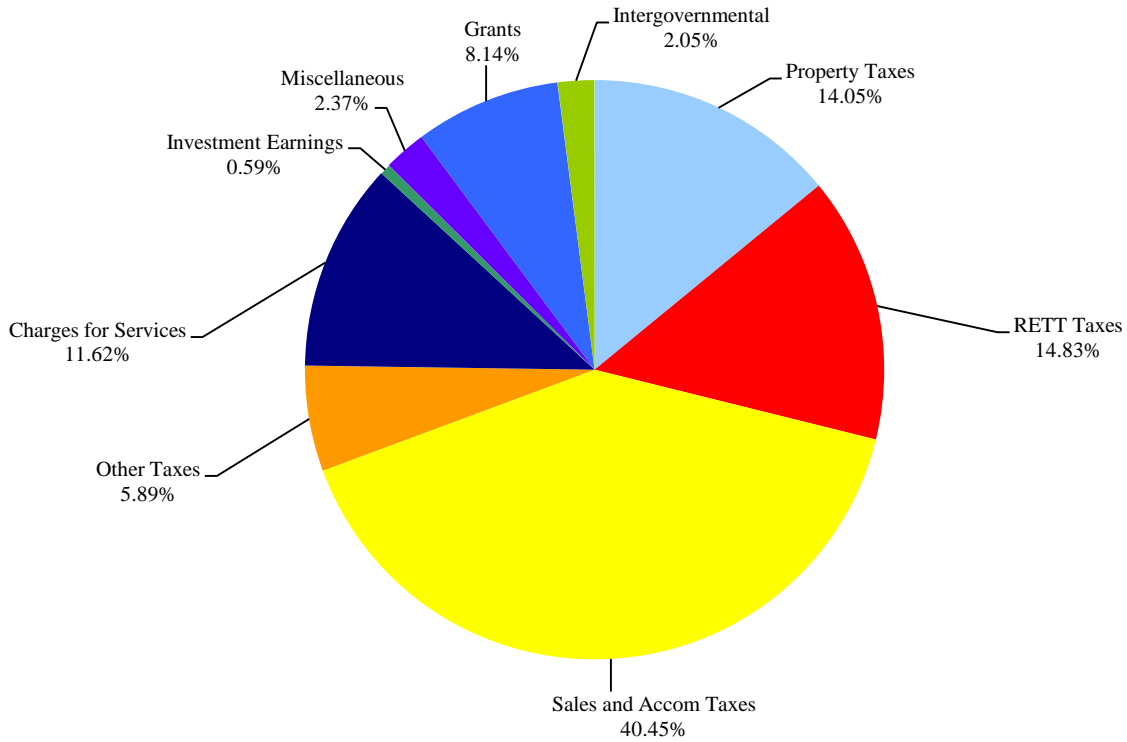
Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,741,179	\$ 2,672,067	\$ 1,557,439	\$ 1,670,213	\$ 4,298,618	\$ 4,342,280
Operating Grants and Contributions	104,217	11,713	-	-	104,217	11,713
Capital Grants and Contributions	1,816,456	61,779	100,000	-	1,916,456	61,779
General Revenues:						
Taxes:						
Property Taxes	3,315,020	2,904,509	40,258	40,280	3,355,278	2,944,789
Real Estate Transfer Tax	3,497,602	2,369,314	-	-	3,497,602	2,369,314
Sales and Accommodation Taxes	9,540,260	8,754,673	-	-	9,540,260	8,754,673
Other Taxes	1,389,896	1,208,352	-	-	1,389,896	1,208,352
Unrestricted Investment Earnings	139,665	53,161	-	-	139,665	53,161
Grants & Contributions Not Restricted	513,912	482,769	-	-	513,912	482,769
Miscellaneous	558,618	529,843	-	-	558,618	529,843
Total Revenues	23,616,825	19,048,180	1,697,697	1,710,493	25,314,522	20,758,673
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	3,291,190	3,042,126	-	-	3,291,190	3,042,126
Community Development	1,202,097	1,341,706	-	-	1,202,097	1,341,706
Public Safety	3,214,680	3,039,333	-	-	3,214,680	3,039,333
Public Works and Utilities	9,656,808	8,458,218	-	-	9,656,808	8,458,218
Recreation and Culture	1,584,531	1,430,648	-	-	1,584,531	1,430,648
Interest on Long-term Debt	754,238	639,267	-	-	754,238	639,267
Business-type Activities:						
Transportation	-	-	1,963,223	1,979,505	1,963,223	1,979,505
Fleet Maintenance	-	-	1,623,046	1,506,138	1,623,046	1,506,138
Total Expenses	19,703,544	17,951,298	3,586,269	3,485,643	23,289,813	21,436,941
Excess (Deficiency) Before Contributions and Transfers	3,913,281	1,026,882	(1,888,572)	(1,775,150)	2,024,709	(678,268)
Capital Contributions	(150,215)	-	150,215	-	-	-
Transfers	(1,584,994)	(1,326,999)	1,584,994	1,326,999	-	-
Increase (Decrease) in Net Position	2,178,072	(230,117)	(153,363)	(448,151)	2,024,709	(678,268)
Net Position, Beginning of Year	80,704,323	80,934,440	12,492,650	12,940,801	93,196,973	93,875,241
Net Position, Ending	\$ 82,882,395	\$ 80,704,323	\$12,339,287	\$12,492,650	\$ 95,221,692	\$ 93,196,973

Expenses and Program Revenues – Governmental Activities



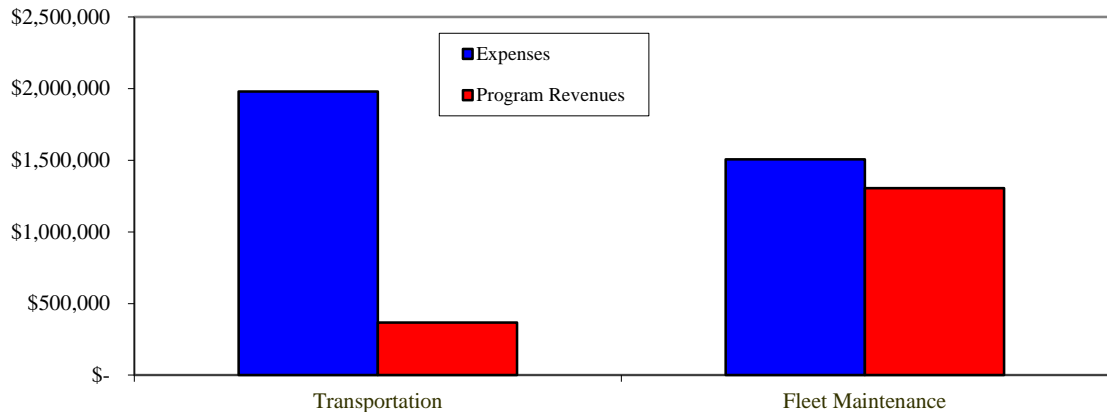
Revenues by Source – Governmental Activities



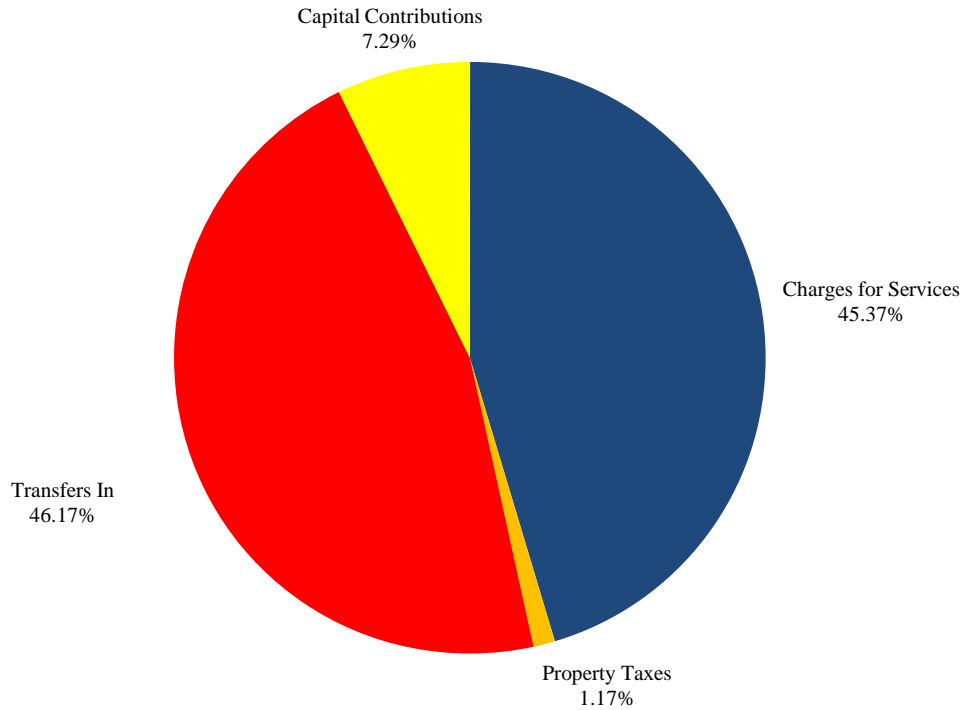
Business-type activities.

Net position of business-type activities decreased by \$448,151 in 2016. The key element of this decrease was depreciation of capital assets held by the Transit and Fleet Maintenance Enterprise Funds.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Town’s Funds

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2016 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	2016 <u>Amount</u>	Percent of <u>Total</u>	2015 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$17,742,776	75.42%	\$15,236,848	\$ 2,505,928	16.45%
Licenses and Permits	259,997	1.11%	335,741	(75,744)	(22.56%)
Intergovernmental	2,868,277	12.19%	989,546	1,878,731	189.86%
Charges for Services	1,772,510	7.53%	1,682,724	89,786	5.34%
Fines and Forfeitures	91,014	0.39%	129,356	(38,342)	(29.64%)
Investment Earnings	139,665	0.59%	53,158	86,507	162.74%
Other Revenues	<u>651,603</u>	<u>2.77%</u>	<u>532,353</u>	<u>119,250</u>	22.40%
Total	<u>\$23,525,842</u>	<u>100.00%</u>	<u>\$18,959,726</u>	<u>\$ 4,566,116</u>	

Total tax collections increased by \$2,505,928 from the prior year. Property taxes increased by \$526,625 due to a 16.9% increase in assessed values within the Town netted against a 0.442 decrease in the mill rate levied. The general operating mill rate for the Town remained the same at 8.956 mills while the debt service mill rate decreased from 3.251 mills to 2.809 mills. Sales taxes increased by \$665,640 or 8% from the previous year while accommodations taxes increased by 13.89% or \$157,303.

The Town collects a 2% tax from all sales of real property within the Town. These revenues are dedicated solely for capital improvement projects. Real estate transfer tax collections increased by 47.6%, from \$2,369,314 in 2015 to \$3,497,602 in 2016.

License and permit revenues decreased by \$75,744 from the previous year. However, construction permit values increased \$3,614,995 in total from the prior year with commercial permits valued at \$16,369,635 and seven residential units valued at \$8,551,360. The primary reason for this unusual anomaly was the permitting of the Joint Public Safety Facility which was exempted from paying building permit fees by an Intergovernmental Agreement with the Eagle River Fire Protection District.

Intergovernmental revenues increased in 2016 by \$1,878,731 due to a federal grant from the Department of Transportation of \$1,355,000 and an Eagle County trails grant of \$459,136 both for the construction of Phase 3 of the Eagle County Regional Trail segment from Avon Rd. to Stonebridge Dr.

Charges for services increased \$89,786 due primarily to a decrease in water tap fees of \$63,852, offset by an increase in Avon Recreation Center admission fees and other recreation fees of approximately \$187,753.

Investment earnings increased in 2015 by \$86,507 due to significantly higher yields offered by investments in U.S Government Treasury and Agency securities and by the Colotrust local government investment pool that the Town utilizes.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2016 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	2016 <u>Amount</u>	Percent of <u>Total</u>	2015 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current:					
General Government	\$ 3,119,007	12.61%	\$ 2,916,095	\$ 202,912	6.96%
Community Development	1,201,086	4.86%	1,348,166	(147,080)	(10.91%)
Public Safety	3,122,942	12.63%	3,007,164	115,778	3.85%
Public Works and Utilities	5,067,825	20.50%	4,080,272	987,553	24.20%
Parks and Recreation	1,293,277	5.23%	1,147,149	146,128	12.74%
Capital Improvements	8,864,565	35.85%	3,284,852	5,579,713	69.86%
Debt Service:					
Principal	1,382,506	5.59%	1,264,966	117,540	9.29%
Interest	473,674	1.92%	503,269	(29,595)	(5.88%)
Bond Issuance Costs	147,270	0.59%	80,569	66,701	82.79%
Fiscal Charges	<u>54,071</u>	<u>0.22%</u>	<u>41,289</u>	<u>12,782</u>	30.96%
Total	<u>\$24,726,223</u>	<u>100.00%</u>	<u>\$17,673,791</u>	<u>\$ 7,052,432</u>	

Overall, total governmental fund expenditures increased by \$7,052,432 in 2016. This was due primarily to the large increase in capital improvement expenditures of \$5,579,713. Major capital improvement project expenditures during the year included Phase 3 of the Eagle Valley Trails

project (\$2,341,526), the Joint Public Safety Facility project (\$2,849,729), the purchase of the new Avon Town Hall building and design costs (\$1,615,118), and completion of the Metcalf Rd. bike lane (\$1,035,873).

Public works and utilities saw a large increase in expenditures due to a financial contribution of \$855,707 towards the construction of the Mountain Star water tank. Other departmental operating expenditures remained fairly stable with only small percentage increase due mainly to continuation of the Town's salary step program, launched in January 2014, and small increases in group health insurance and commodities.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,861,212, an increase of \$3,816,830 from the prior year. Of this total, \$86,136 is unspendable, and \$8,452,322 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors or trustees. A total of \$5,009,804 has been committed or assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, affordable housing, and for other purposes. The remaining \$5,312,950 is unassigned and can be used for any lawful purpose.

General Fund. 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 is \$5,312,950, while total fund balance is \$6,063,891. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance and total fund balance to total fund expenditures and other financing sources. Unassigned fund balance represents 33.5% of total fund expenditures and other financing uses, while total fund balance represents 38.2% of that same amount.

The fund balance of the General Fund increased by \$403,966, or 7.1%, in 2016. This increase is due largely to unanticipated revenues towards the end of the year and greater than expected departmental expenditure savings.

The fund balance of the General Fund represents approximately 39.2% of 2017 General Fund appropriations or the equivalent of approximately 4.7 months of operations. The Town has felt it necessary to retain this level of fund balance because of its heavy reliance on sales tax revenues. The Town's position as a resort community also places a heavy reliance upon several other factors including weather, the national economy, and tourism in general. The Town's fund balance provides the resources necessary to be more adaptable to the short-term financial environment and limits the need for capital financing.

Avon Urban Renewal Fund. At the end of the current fiscal year, the Avon Urban Renewal Fund had an ending fund balance of \$1,187,763. Of this amount, \$632,596 is restricted as a bond reserve and \$555,167 is restricted for urban renewal projects. The fund balance increased by \$155,203 in 2016, primarily due to property tax increment revenues exceeding required payments for debt service.

Water Fund. The Water Fund has an ending fund balance at the end of the fiscal year of \$79,895 which is a decrease of \$936,264 for the previous year. This decrease is due to the previously mentioned financial contribution of \$855,707 towards the construction of the

Mountain Star water tank, plus an operating transfer out to the Capital Projects Fund in the amount of \$129,796 for pumphouse pump replacements.

Debt Service Fund. The Debt Service Fund has a fund balance at the end of the fiscal year of \$536,567, all of which is restricted for the payment of debt service.

Capital Projects Fund. The Capitals Project Fund has an ending fund balance at the end of the fiscal year of \$10,414,708. Unspent bond proceeds in the amount of \$5,921,087 are reported as restricted fund balances and the remaining amount of \$4,493,621 is committed entirely to capital improvement projects.

Non-major Funds. The aggregate non-major funds have a combined fund balance of \$578,388. The net decrease in fund balance during the current fiscal year in the aggregate non-major funds was \$29,416. The primary reason for this decrease was a transfer out to the Capital Projects Fund of \$100,000 netted against the receipt of \$71,736 in community enhancement fund proceeds, which represents 1% of gross revenues from sales of electricity within the Town of Avon from Holy Cross Energy for the 2016 calendar year. The transfer out was used to fund an electrical line undergrounding project in conjunction with the construction of the Eagle Valley Regional Trails Phase 3 project which was completed in 2016.

General Fund Budgetary Highlights

The 2016 budget was guided by the *2016-2017 Town of Avon Strategic Plan*, which was updated and approved by the Town Council on October 13, 2015. Expenditure highlights included the establishment of a new Human Resources Department and the hiring of a Director of Human Resources. The new director focused on reviewing and revising the Town's personnel handbook, establishing staff training programs, assisting department directors in carrying out their responsibilities regarding personnel matters, and assisting the Town Manager in developing strategic staffing plans.

Also highlighted in the 2016 budget was the continuation of the Town's significant investment in special events with several new and returning signature events. A total budget of \$125,000 was budgeted for signature events, with another \$275,000 set aside in fund balance for events that were unnamed at the time the budget was adopted. An additional \$324,364 was budgeted for Town-produced events.

A number of budget changes are typically made throughout the year and at the Town's adoption of its final revised budget in October. For the most part these changes are very minor and the increases and decreases are offsetting. The difference between the original budget and the final amended budget resulted in a net increase of \$90,921 in expenditure appropriations and an increase of \$1,398,868 in appropriated transfers-out for the 2016 budget year. Estimated revenues were increased by \$220,106 from the original budget, and beginning fund balance was increased by \$1,081,193.

Actual revenues further exceeded estimates by a total of \$881,672. Sales and accommodation tax revenues were very strong all year and ended the year with gains of 7.3% and 13.9%,

respectively over the prior year. Departmental expenditures ended the year under the final revised budget by a net total of \$587,227.

Capital Assets and Debt Administration

Capital assets. The Town of Avon’s investment in capital assets for its governmental and business-type activities as of December, 31, 2016, amounts to \$90,943,238 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, public art, water rights, construction in progress, buildings and building improvements, utility systems, machinery and equipment, and infrastructure (see table below). The total decrease in the Town’s investment in capital assets for the current fiscal year was 2.47% (a 2.09% decrease for governmental activities and a 4.3% decrease for business-type activities).

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

- Capital Project Fund capital improvement expenditures totaled \$8,831,962 in 2016.
- Two major projects began the year in construction-in-progress: the Metcalf Bike Lane project and the Eagle Valley Regional Trail Phase 3 project. As of December 31, 2016, these projects had been capitalized at a cost of \$3,068,804.
- Significant projects remaining in construction in progress include the Joint Public Safety Facility (\$1,997,686), new Town Hall (\$100,285), Walkability – Eat and West B/C Blvd. (\$86,992), and the Nottingham Park Playground (\$73,966).
- Land costs in the amount of \$1,066,095 was capitalized from the purchase of land for the Joint Public Safety Facility (\$852,042), and from the allocation of the land cost for new Town Hall (\$214,053).
- Building cost of \$1,290,698 was capitalized for the purchase of new Town Hall.
- A new bus was purchased in the Transit fund for \$134,994.
- Pumhouse water pump replacements were made in the amount of \$133,629.
- In the Equipment Replacement Fund a total of \$194,261 in equipment replacements were purchased including a new Chevrolet Tahoe for the Police Department (\$51,289), variable message boards (\$28,836) and a Toro Sand Pro (\$21,650) for public works, recreation center equipment (\$24,295), and computers and networking equipment (\$82,395).

Town of Avon’s Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 11,588,728	\$ 10,522,633	\$ 411,834	\$ 411,834	\$12,000,562	\$10,934,467
Public Art	1,361,400	1,361,400	-	-	1,361,400	1,361,400
Water Rights	1,792,959	1,792,959	-	-	1,792,959	1,792,959
Constr. in Prog.	2,469,920	210,058	-	-	2,469,920	210,058
Buildings	10,592,227	9,964,067	11,948,849	12,162,298	22,541,076	22,126,365
Utilities	3,245,234	3,453,230	-	-	3,245,234	3,453,230
Mach. & Equip.	2,002,829	2,129,385	1,841,047	2,028,364	3,843,876	4,157,749
Infrastructure	<u>43,688,211</u>	<u>43,992,921</u>	<u>-</u>	<u>-</u>	<u>43,688,211</u>	<u>43,992,921</u>
Total	<u>\$76,741,508</u>	<u>\$73,426,653</u>	<u>\$14,201,730</u>	<u>\$14,602,496</u>	<u>\$90,943,238</u>	<u>\$88,029,149</u>

Additional information on the Town of Avon’s capital assets can be found in Note 4 on pages 40-41 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Avon had total long-term debt outstanding in the amount of \$20,740,000. Certificates of Participation which evidence assignments of proportionate interests in the right to receive payments pursuant to annually renewable lease agreements total \$14,840,000. The remainder of the Town’s debt, \$5,900,000, represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Town of Avon’s Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
G. O. Bonds	\$ -	\$ 515,000	\$ -	\$ -	\$ -	\$ 515,000
Revenue Bonds	5,900,000	6,200,000	-	-	5,900,000	6,200,000
Certificates of Participation	<u>12,235,000</u>	<u>6,280,000</u>	<u>2,605,000</u>	<u>2,740,000</u>	<u>14,840,000</u>	<u>9,020,000</u>
Total	<u>\$18,025,000</u>	<u>\$12,995,000</u>	<u>\$ 2,605,000</u>	<u>\$ 2,740,000</u>	<u>\$20,740,000</u>	<u>\$15,735,000</u>

The Town of Avon’s long-term debt increased by a net amount of \$5,005,000 during the current fiscal year. Certificates of Participation in the amount of \$6.3 million were issued in 2016 and all regular principal payments totaling \$1,405,000 were made on outstanding bonded debt.

The Avon Town Charter limits the amount of general obligation debt the Town may issue to 25% of assessed valuation of all taxable property within the Town, or \$15 million, whichever is greater. The current legal debt margin for the Town is \$48,646,382. The Town has no outstanding general obligation bonds outstanding as of December 31, 2016. In addition, the Town’s debt per capita is \$3,241. Additional information on the Town’s long-term debt can be found in Note 5 on pages 41-47 of this report.

Economic Factors and Next Year’s Budget and Rates

The 2017-18 budget is guided by the *2017-2018 Town of Avon Strategic Plan*, which was updated and approved by the Town Council on June 28, 2016. The Strategic Plan is updated each year to reflect dynamic change and to present to the Avon community the important work planned by the Town over the next year. The four key outcomes identified in the Strategic Plan are:

- Support a strong community, building on strengths as a year-round mountain resort community;
- Preserve and enhance the natural environment;
- Develop inclusive & diverse economic, educational & cultural opportunities;
- Provide a responsive, cutting-edge & effective government

2017 Budget Highlights

The 2017 budget has been developed to address priorities with a major emphasis on the following:

- Planning for the construction of new facilities incorporating paperless workflows and strategies to reduce waste into several areas of the budget. In addition, the Finance and HR departments are conducting studies to analyze work efficiencies surrounding the use of mission critical software systems.
- Avon's strategic plan recognizes the importance of vibrancy and activity within the Town and states that it will be supported by partnering with existing special events and attracting an array of new and diverse cultural, educational and recreational events to Avon which meet the Town's brand and are in concert with the values of our community.
- Implement marketing plan priorities, including: 1) Pool marketing resources among departments for cross promotion and integrated communication; 2) Develop partnerships with local and regional businesses to keep these entities updated on Town priorities and activities; 2) Continue Town Council festival booth outreach, host coffee chats and create stand-alone displays; 3) Evaluate 2016 wayfinding investments and expand for the visitor/resident experience; 4) Create a regional media strategy; 5) Focus social media by audience; and 6) Rebrand transit.
- Support the Police Department under a "community policing" philosophy through outreach to other resort communities to learn about successful practices, implementing and monitoring successful practices; and through analyzing call data and workloads to schedule and direct policing duties under the best practices community policing standards for resort communities.
- Invest in multi-modal improvements prioritizing walkability and bicycle use on streets, with transit, parking and wayfinding. Bid and construct the Beaver Creek Blvd. walkability plan. Complete a walkability plan for the remainder of the Avon core as an initial phase of the development of a comprehensive parking and multi-modal transportation plan, including the remediation of sidewalk gaps.
- Utilizing consultant services, prepare master land use plans for Tract G, Lot 5 and Swift Gulch, building on the Stan Clauson Associates 2015 initial plan, and prepare a comprehensive parking plan for the Town's commercial core. Evaluate expansion of the Avon Recreation Center and a parking garage.

The Town's net assessed valuation declined by 0.3%, in 2016, to a total value of \$193,982,580. The Town's mill rate for general operating purposes will remain at 8.956 mills, while the mill rate for debt service will decrease from 2.809 mills to 0 mills due to the final maturity of the Town's general obligation bonds in December, 2016.

Sales tax revenues for 2017 are budgeted to grow 4% over the revised 2016 estimates, with accommodation tax revenues budgeted to grow 6%. These revenue sources were revised up from the original adopted 2016 budget due to a strong year and a continuing growth. The Town's total 2017 appropriations for all funds equals \$33,438,157. Total estimated revenues for 2017 are \$31,226,811, and estimated total ending fund balances are \$12,927,943.

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 Town's fiscal management. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Avon, Colorado, PO Box 975, Avon, CO 81620.

Scott Wright, CPA, CPFO
Asst. Town Manager / Finance Director



BASIC FINANCIAL STATEMENTS

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION DECEMBER 31, 2016

	Governmental Activites	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,021,108	\$ 448,905	\$ 10,470,013
Investments	3,997,865	-	3,997,865
Receivables	7,802,204	197,831	8,000,035
Internal Balances	100,000	(100,000)	-
Prepaid Expenses	86,136	-	86,136
Inventory	-	541,433	541,433
Deposits	53,636	-	53,636
Restricted Assets - Cash and Cash Equivalents	7,065,106	-	7,065,106
Capital Assets, net of accumulated depreciation:			
Nondepreciable	18,065,049	411,834	18,476,883
Depreciable	58,676,459	13,789,896	72,466,355
Total Assets	105,867,563	15,289,899	121,157,462
LIABILITIES			
Accounts Payable	688,679	49,210	737,889
Retainages Payable	226,337	-	226,337
Accrued Liabilities	172,770	24,160	196,930
Accrued Interest Payable	110,523	9,492	120,015
Deposits and Reserves	1,038,436	-	1,038,436
Unearned Revenues	6,667	-	6,667
Noncurrent Liabilities:			
Due Within One Year	1,431,665	260,824	1,692,489
Due In More Than One Year	17,572,783	2,561,000	20,133,783
Total Liabilities	21,247,860	2,904,686	24,152,546
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	1,737,308	40,190	1,777,498
Gain on Advance Refunding of Debt	-	5,736	5,736
Total Deferred Inflows of Resources	1,737,308	45,926	1,783,234
NET POSITION			
Net Investment in Capital Assets	58,088,785	11,430,538	69,519,323
Restricted For:			
Emergencies	664,805	-	664,805
Debt Service	1,169,163	-	1,169,163
Capital Improvements	5,921,087	-	5,921,087
Urban Renewal	555,167	-	555,167
Purposes of Grantors	142,100	-	142,100
Unrestricted	16,341,288	908,749	17,250,037
Total Net Position	\$ 82,882,395	\$ 12,339,287	\$ 95,221,682

The accompanying notes are an integral part of the financial statements.

TOWN OF AVON, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government, Finance and Administration	\$ 3,291,190	\$ 239,199	\$ -	\$ -
Community Development	1,202,097	369,867	5,000	-
Public Safety	3,214,680	99,862	99,217	2,320
Public Works and Utilities	9,656,808	698,195	-	1,814,136
Recreation	1,584,531	1,334,056	-	-
Interest and Fiscal Charges on Long-term Debt	754,238	-	-	-
Total Governmental Activities	19,703,544	2,741,179	104,217	1,816,456
Business-type Activities:				
Transportation	1,963,223	320,357	-	100,000
Fleet Maintenance	1,623,046	1,237,082	-	-
Total Business-type Activities	3,586,269	1,557,439	-	100,000
Total Primary Government	\$ 23,289,813	\$ 4,298,618	\$ 104,217	\$ 1,916,456

General Revenues:
 Property Taxes
 Real Estate Transfer Taxes
 Sales and Accommodation Taxes
 Other Taxes
 Unrestricted Investment Earnings
 Grants and Contributions Not Restricted
 to Specific Programs
 Miscellaneous
 Capital Contributions
 Transfers

Total General Revenues and Transfers

Increase (Decrease) in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,051,991)	\$ -	\$ (3,051,991)
(827,230)	-	(827,230)
(3,013,281)	-	(3,013,281)
(7,144,477)	-	(7,144,477)
(250,475)	-	(250,475)
(754,238)	-	(754,238)
<u>(15,041,692)</u>	<u>-</u>	<u>(15,041,692)</u>
-	(1,542,866)	(1,542,866)
-	(385,964)	(385,964)
<u>-</u>	<u>(1,928,830)</u>	<u>(1,928,830)</u>
<u>(15,041,692)</u>	<u>(1,928,830)</u>	<u>(16,970,522)</u>
3,315,020	40,258	3,355,278
3,497,602	-	3,497,602
9,540,260	-	9,540,260
1,389,896	-	1,389,896
139,665	-	139,665
513,912	-	513,912
558,618	-	558,618
(150,215)	150,215	-
<u>(1,584,994)</u>	<u>1,584,994</u>	<u>-</u>
<u>17,219,764</u>	<u>1,775,467</u>	<u>18,995,231</u>
2,178,072	(153,363)	2,024,709
<u>80,704,323</u>	<u>12,492,650</u>	<u>93,196,973</u>
<u>\$ 82,882,395</u>	<u>\$ 12,339,287</u>	<u>\$ 95,221,682</u>

TOWN OF AVON, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	General Fund	Avon Urban Renewal Fund	Water Fund	Debt Service Fund	Capital Projects Fund
ASSETS					
Cash and Cash Equivalents	\$ 2,676,893	\$ 558,597	\$ 67,846	\$ 25,144	\$ 3,409,976
Investments	2,499,885	-	-	-	1,497,980
Receivables:					
- Interest	5,242	-	-	-	916
- Taxes	3,568,677	-	-	-	156,288
- Accounts	7,274	-	-	-	-
- Intergovernmental	180,497	-	12,853	-	151,074
- Employees	16,964	-	-	-	-
Prepaid Items	86,136	-	-	-	-
Due from Other Funds	103,000	-	-	-	-
Deposits	45,018	8,618	-	-	-
Notes Receivable	-	-	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	632,596	-	511,423	5,921,087
Total Assets	\$ 9,189,586	\$ 1,199,811	\$ 80,699	\$ 536,567	\$ 11,137,321
LIABILITIES					
Accounts Payable	\$ 179,903	\$ 6,864	\$ 266	\$ -	\$ 489,609
Accrued Liabilities	170,048	2,184	538	-	-
Retainages Payable	-	-	-	-	226,337
Deposits and Reserves	1,038,436	-	-	-	-
Due to Other Funds	-	3,000	-	-	-
Unearned Revenues	-	-	-	-	6,667
Total Liabilities	1,388,387	12,048	804	-	722,613
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Notes Receivable	-	-	-	-	-
Unavailable Revenue - Property Taxes	1,737,308	-	-	-	-
Total Deferred Inflows of Resources	1,737,308	-	-	-	-
FUND BALANCES					
NonSpendable:	86,136	-	-	-	-
Restricted For:					
Emergencies	664,805	-	-	-	-
Urban Renewal	-	555,167	-	-	-
Water Projects	-	-	79,895	-	-
Capital Improvements	-	-	-	-	5,921,087
Debt Service	-	632,596	-	536,567	-
Community Enhancement	-	-	-	-	-
Committed For:					
Capital Improvements	-	-	-	-	4,493,621
Assigned For:					
Affordable Housing	-	-	-	-	-
Unassigned	5,312,950	-	-	-	-
Total Fund Balances	6,063,891	1,187,763	79,895	536,567	10,414,708
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,189,586	\$ 1,199,811	\$ 80,699	\$ 536,567	\$ 11,137,321

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016**

Other Governmental Funds	Total
\$ 518,545	\$ 7,257,001
-	3,997,865
-	6,158
-	3,724,965
71,880	79,154
-	344,424
-	16,964
-	86,136
-	103,000
-	53,636
94,830	94,830
-	7,065,106
<u>\$ 685,255</u>	<u>\$ 22,829,239</u>
\$ 12,037	\$ 688,679
-	172,770
-	226,337
-	1,038,436
-	3,000
-	6,667
<u>12,037</u>	<u>2,135,889</u>
94,830	94,830
-	1,737,308
<u>94,830</u>	<u>1,832,138</u>
-	86,136
-	664,805
-	555,167
-	79,895
-	5,921,087
-	1,169,163
62,205	62,205
-	4,493,621
516,183	516,183
-	5,312,950
<u>578,388</u>	<u>18,861,212</u>
<u>\$ 685,255</u>	<u>\$ 22,829,239</u>

Total Governmental Fund Balances	\$ 18,861,212
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported as an asset in the governmental funds.	
- Capital assets	125,777,992
- Accumulated depreciation	(51,550,059)
	<u>74,227,933</u>
Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
- Bonds payable	(5,790,000)
- Certificates of Participation payable	(12,235,000)
- Unamortized bond premium	(302,205)
- Compensated absences payable	(351,725)
	<u>(18,678,930)</u>
Notes receivable are not available to pay for current period expenditures and are deferred in the governmental funds.	94,830
Long-term receivables which are not available to pay for current period expenditures and are not reported in the governmental funds.	3,522,309
Accrued interest payable is recognized for governmental activities but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(110,523)
The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	4,965,564
Net Position of Governmental Activities	<u>\$ 82,882,395</u>

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Avon Urban Renewal Fund	Water Fund	Debt Service Fund	Capital Projects Fund
Revenues					
Taxes	\$ 12,672,461	\$ 1,026,248	\$ -	\$ 546,465	\$ 3,497,602
Licenses and Permits	259,997	-	-	-	-
Intergovernmental	1,014,141	-	-	-	1,854,136
Charges for Services	1,543,296	-	229,214	-	-
Fines and Forfeitures	91,014	-	-	-	-
Investment Earnings	73,208	4,085	-	2,728	58,744
Other Revenues	407,333	-	-	-	159,549
Total Revenues	16,061,450	1,030,333	229,214	549,193	5,570,031
Expenditures					
Current:					
General Govt., Finance & Administration	3,103,970	-	-	-	-
Community Development	1,201,086	-	-	-	-
Public Safety	3,122,942	-	-	-	-
Public Works and Utilities	3,823,374	252,173	992,278	-	-
Recreation	1,293,277	-	-	-	-
Capital Improvements	-	32,603	-	-	8,831,962
Debt Service:					
Principal	-	410,000	-	860,000	112,506
Interest	-	218,240	-	246,170	9,264
Bond Issuance Costs	-	-	-	-	147,270
Fiscal Charges	-	39,690	-	14,381	-
Total Expenditures	12,544,649	952,706	992,278	1,120,551	9,101,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,516,801	77,627	(763,064)	(571,358)	(3,530,971)
Other Financing Sources (Uses)					
Transfers In	219,735	77,576	-	578,808	1,943,200
Transfers Out	(3,332,570)	-	(173,200)	-	(798,543)
Premium on Debt Issued	-	-	-	-	302,205
Debt Issuance Proceeds	-	-	-	-	6,300,000
Total Other Financing Sources (Uses)	(3,112,835)	77,576	(173,200)	578,808	7,746,862
Net Change in Fund Balances	403,966	155,203	(936,264)	7,450	4,215,891
Fund Balances, Beginning of Year	5,659,925	1,032,560	1,016,159	529,117	6,198,817
Fund Balances, End of year	\$ 6,063,891	\$ 1,187,763	\$ 79,895	\$ 536,567	\$ 10,414,708

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Other Governmental Funds	Total		
		Net change in fund balances - Total Governmental Funds	\$ 3,816,830
		<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
\$ -	\$ 17,742,776	Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
-	259,997	- Capital outlay	7,767,178
-	2,868,277	- Depreciation	(4,241,154)
-	1,772,510		3,526,024
-	91,014		
900	139,665		
84,721	651,603		
85,621	23,525,842		
		Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	
15,037	3,119,007	- Change in compensated absences payable	(73,720)
-	1,201,086	- Change in accrued interest payable on outstanding bonds	(71,907)
-	3,122,942	- Amortization of deferred loss on refunding and bond premium	(7,316)
-	5,067,825		(152,943)
-	1,293,277		
-	8,864,565	Debt issuance proceeds are reported as Other Financing Sources in the governmental funds, but are reported as noncurrent liabilities in the Statement of Net Position	(6,602,205)
-	1,382,506		
-	473,674	Payment received on affordable housing notes receivable are reported as revenue in the governmental funds, but the repayment reduces notes receivable in the Statement of Net Position	(12,983)
-	147,270		
-	54,071		
15,037	24,726,223		
		Repayment of bond and lease principal are reported an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
70,584	(1,200,381)	- Certificates of Participation retirements	345,000
-	2,819,319	- Bond principal retirements	925,000
(100,000)	(4,404,313)		1,270,000
-	302,205	The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual funds. The decrease in net position of the internal service fund is included in governmental activities.	333,349
-	6,300,000		
(100,000)	5,017,211		
(29,416)	3,816,830	Change in Net Positon of Governmental Activities	\$ 2,178,072
607,804	15,044,382		
\$ 578,388	\$ 18,861,212		

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 448,905	\$ -	\$ 448,905	\$ 2,764,107
Receivables:				
- Taxes	40,190	-	40,190	-
- Accounts	1,530	4,324	5,854	13,400
- Intergovernmental	54,078	97,709	151,787	-
Due From Other Funds	235,406	-	235,406	-
Inventory	-	541,433	541,433	-
Total Current Assets	780,109	643,466	1,423,575	2,777,507
Noncurrent Assets:				
Capital Assets:				
- Land	281,450	130,384	411,834	-
- Buildings	9,824,920	5,639,287	15,464,207	1,709,385
- Machinery and Equipment	3,949,995	284,117	4,234,112	5,435,323
- Accumulated Depreciation	(3,009,044)	(2,899,379)	(5,908,423)	(4,631,133)
Total Noncurrent Assets	11,047,321	3,154,409	14,201,730	2,513,575
Total Assets	11,827,430	3,797,875	15,625,305	5,291,082
LIABILITIES				
Current Liabilities:				
Accounts Payable	8,995	40,215	49,210	-
Accrued Liabilities	13,920	10,240	24,160	-
Accrued Interest Payable	-	9,492	9,492	-
Compensated Absences Payable	31,404	24,964	56,368	-
Due to Other Funds	-	335,406	335,406	-
Certificates of Participation - Current	-	142,496	142,496	-
Capital Leases Payable - Current	57,005	4,955	61,960	115,106
Total Current Liabilities	111,324	567,768	679,092	115,106
Noncurrent Liabilities:				
Certificates of Participation	-	2,497,136	2,497,136	-
Capital Leases Payable	58,821	5,043	63,864	210,412
Total Noncurrent Liabilities	58,821	2,502,179	2,561,000	210,412
Total Liabilities	170,145	3,069,947	3,240,092	325,518
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	40,190	-	40,190	-
Gain on Advance Refunding of Debt	-	5,736	5,736	-
Total Deferred Inflows of Resources	40,190	5,736	45,926	-
NET POSITION				
Net Investment in Capital Assets	10,931,495	499,043	11,430,538	2,188,057
Unrestricted	685,600	223,149	908,749	2,777,507
Total Net Position	\$ 11,617,095	\$ 722,192	\$ 12,339,287	\$ 4,965,564

The accompanying notes are an integral part of the financial statements.

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
Operating Revenues:				
Charges for Services	\$ 227,617	\$ 1,230,557	\$ 1,458,174	\$ 589,967
Other Operating Revenues	92,740	4,625	97,365	-
Total Operating Revenues	320,357	1,235,182	1,555,539	589,967
Operating Expenses:				
Cost of Operations	1,404,689	1,369,011	2,773,700	13,592
Depreciation and Amortization	553,558	140,097	693,655	523,337
Total Operating Expenses	1,958,247	1,509,108	3,467,355	536,929
Operating Income (Loss)	(1,637,890)	(273,926)	(1,911,816)	53,038
Nonoperating Revenues (Expenses):				
Taxes	40,258	-	40,258	-
Capital Grants	100,000	-	100,000	-
Gain (Loss) on Disposal of Capital Assets	-	1,900	1,900	(4,340)
Interest Expense	(4,976)	(113,938)	(118,914)	-
Total Nonoperating Revenues (Expenses)	135,282	(112,038)	23,244	(4,340)
Income (Loss) Before Contributions and Transfers	(1,502,608)	(385,964)	(1,888,572)	48,698
Capital Contributions and Transfers				
Contributed Capital	150,215	-	150,215	284,651
Transfers In (Out)	1,134,994	450,000	1,584,994	-
Total Capital Contributions and Transfers	1,285,209	450,000	1,735,209	284,651
Change in Net Position	(217,399)	64,036	(153,363)	333,349
Net Position, Beginning of Year	11,834,494	658,156	12,492,650	4,632,213
Net Position, End of Year	\$ 11,617,095	\$ 722,192	\$ 12,339,287	\$ 4,965,562

The accompanying notes are an integral part of the financial statements.

TOWN OF AVON, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
Cash Flows From Operating Activities				
Cash Received from Customers and Users	\$ 180,687	\$ 693,536	\$ 874,223	\$ -
Cash Received from Interfund Services Provided	46,930	557,446	604,376	589,967
Cash Payments to Suppliers	(441,624)	(564,003)	(1,005,627)	(13,592)
Cash Payments to Employees	(709,408)	(686,370)	(1,395,778)	-
Cash Payments for Interfund Services Used	(256,246)	(95,892)	(352,138)	-
Other Operating Revenues	92,740	4,625	97,365	-
Net Cash Provided by (Used in) Operating Activities	<u>(1,086,921)</u>	<u>(90,658)</u>	<u>(1,177,579)</u>	<u>576,375</u>
Cash Flows From Noncapital Financing Activities				
Taxes Received	40,258	-	40,258	-
Grants Received	100,000	-	100,000	-
Net Borrowings (To) From Other Funds	96,508	(96,508)	-	-
Repayments of Borrowings From Other Entities	-	-	-	646,190
Transfers In from Other Funds	1,134,994	450,000	1,584,994	-
Net Cash Provided by Noncapital Financing Activities	<u>1,371,760</u>	<u>353,492</u>	<u>1,725,252</u>	<u>646,190</u>
Cash Flows From Capital Financing Activities				
Acquisition and Construction of Capital Assets	(134,994)	(11,180)	(146,174)	(194,261)
Proceeds from Sales of Capital Assets	-	5,400	5,400	36,500
Interest Paid on Long-term Debt	(4,976)	(117,185)	(122,161)	-
Principal Paid on Long-term Debt	(55,244)	(139,869)	(195,113)	-
Net Cash Used in Capital Financing Activities	<u>(195,214)</u>	<u>(262,834)</u>	<u>(458,048)</u>	<u>(157,761)</u>
Net Increase in Cash and Cash Equivalents	89,625	-	89,625	1,064,804
Cash and Cash Equivalents, Beginning of Year	<u>359,280</u>	<u>-</u>	<u>359,280</u>	<u>1,699,303</u>
Cash and Cash Equivalents, End of Year	<u>\$ 448,905</u>	<u>\$ -</u>	<u>\$ 448,905</u>	<u>\$ 2,764,107</u>

The accompanying notes are an integral part of the financial statements.

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ (1,637,890)</u>	<u>\$ (273,926)</u>	<u>\$ (1,911,816)</u>	<u>\$ 53,038</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	553,558	140,097	693,655	523,337
Change in Assets and Liabilities:				
Decrease in Accounts Receivable	1,762	5,080	6,842	-
(Increase) Decrease in Intergovernmental Rec.	(12,110)	15,345	3,235	-
Decrease in Inventory	-	44,276	44,276	-
Decrease in Accounts Payable	(3,917)	(28,132)	(32,049)	-
Increase in Accrued Liabilities	4,279	4,125	8,404	-
Increase in Compensated Absences Payable	7,397	2,477	9,874	-
Total Adjustments	<u>550,969</u>	<u>183,268</u>	<u>734,237</u>	<u>523,337</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (1,086,921)</u></u>	<u><u>\$ (90,658)</u></u>	<u><u>\$ (1,177,579)</u></u>	<u><u>\$ 576,375</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Noncash Transactions Affecting Financial Position				
Contributions of Capital Assets from				
Governmental Activities	\$ 150,215	\$ -	\$ 150,215	\$ 172,145
Capital Assets Disposed	-	(3,500)	(3,500)	(54,240)
Principal on Capital Leases Paid from				
Governmental Activities	-	-	-	112,506
	<u><u>\$ 150,215</u></u>	<u><u>\$ (3,500)</u></u>	<u><u>\$ 146,715</u></u>	<u><u>\$ 230,411</u></u>

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

The financial statements of the Town of Avon have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the Town’s Comprehensive Annual Financial Report.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Primary Government. The Town of Avon, Colorado, was incorporated as a Town on April 24, 1978. On June 13, 1978, the citizenry voted to become a Home Rule City, as authorized by Article 20 of the Colorado State Constitution. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, culture-recreation, public improvements, community development, planning and zoning, transportation, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Town of Avon (the primary government) and its component unit for which the Town is considered financially accountable. Financial accountability exists if the Town appoints a voting majority of an organization’s governing board and is able to impose its will on the organization, or if the organization provided benefits to, or imposes financial burdens upon the Town. Blended component units, although legally separate entities, are, in substance, part of the Town’s operations, so data from these units are combined with data of the Town.

The Town’s blended component unit are –

Avon Urban Renewal Authority (AURA) – The AURA is a body corporate duly organized and existing as an urban renewal authority established by the Town of Avon, Colorado pursuant to the Urban Renewal Law of the State of Colorado for the purpose of undertaking certain urban renewal activities within the Town. The boundaries of the AURA are coterminous with the boundaries of the Town. The bylaws of the AURA provide that the members of the Avon Town Council shall constitute the Commissioners of the AURA. The Mayor of the Town services as Chairman, the Mayor Pro-Tem serves as Vice Chairman, the Town Manager serves as the Executive Director and Secretary, the Finance Director serves as Treasurer, and the Town Clerk serves as the AURA Clerk. For financial reporting purposes, the AURA is blended into the Town’s financial statements and is reported in a single special revenue fund as a blended component unit. A separate budget is adopted for the AURA, however separate financial statements of the AURA are not issued.

Avon General Improvement District No. 1 – The Town of Avon General Improvement District No. 1 was organized on August 28, 2007, by adoption of Ordinance No. 07-07. The the services to be provided within and for the District include transportation and recreation

services and include the property known as Lots 1 and 2 of the final plat of the Chateau St. Claire subdivision, now commonly known as the Ascent. The members of the Avon Town Council constitute the Board of the District. The District levies a property tax to be used for transportation operations. For financial reporting purposes, the District is blended into the Town's financial statements and is reported in the Transit enterprise fund as a blended component unit. Separate budgets and financial statements of the District are not adopted or issued.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town (the primary government) and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Generally, interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the Town. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Fund financial statements report detailed information about the Town with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes, accommodations and sales taxes, and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under full 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.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The Town uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The Town's funds are classified into two broad fund categories and six generic fund types for financial reporting purposes: Governmental funds include the general, special revenue, debt service, and capital projects funds. Proprietary funds include enterprise funds and an internal service fund.

The Town's major governmental funds are:

- *General Fund* – This is the Town's primary operating fund. It is used to account for all activities of the Town not required to be accounted for in some other fund.
- *Avon Urban Renewal Fund* – This fund is used to account for the receipt of tax increment revenues and the activities of redevelopment that are undertaken by the Avon Urban Renewal Authority, including issuing debt and constructing public improvements.
- *Water Fund* – This fund is used to account for the cost of maintaining certain water-related assets and for the receipt of water surcharges and tap fees within the Town limits.
- *Debt Service Fund* – This fund is used to account for the accumulation of resources and payment of principal and interest on the Town's general obligation and sales tax revenue bonds.
- *Capital Projects Fund* – This fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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 all the Town's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town's major proprietary funds are:

- *Transit Fund* – This fund is used to account for the activities involved in operating the Town's transportation system.
- *Fleet Maintenance Fund* – This fund is used to account for the accumulation and allocation of costs associated with the maintenance of vehicles and rolling stock for the Town and certain other third-party governmental entities.

The Town's only internal service fund is the Equipment Replacement Fund. This fund is used to account for the rental of certain vehicles and equipment to other departments for the accumulation of funds for future replacement.

D. Budget Information

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds, with the exception of proprietary funds which are budgeted on the modified accrual basis of accounting. According to the Town's Charter, all appropriations except for capital projects or special revenue funds lapse at fiscal year-end. However, as a matter of practice, the Town adopts annual budgets for all funds. During the year, changes may be made to budgets by adoption of supplemental amendments by resolution of the Town Council.

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources

Cash, Cash Equivalents, and Investments. The Town concentrates the cash resources of its various funds in order to facilitate the management of cash. The balance in this concentration account is available to meet the Town's current operating requirements. Cash resources in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Town's investments. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Town Charter and Colorado State statutes authorize the Town to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value. The change in fair value of investments is recognized as

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

an increase or decrease to investment assets and investment income. Investment income is recognized when earned.

Inventories. Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of any governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets. Restricted assets in the amount of \$632,596 are reported in the Avon Urban Renewal Fund. This consists of a \$628,240 required debt service reserve plus additional funds of \$4,356 both held in a separate Colotrust fund for purposes of the Authority's 2013 Tax Increment Revenue Bonds.

Restricted assets in the amount of \$511,423 are reported in the Debt Service Fund. This amount consists of a \$510,375 required debt service reserve, \$1,039 in accumulated interest and \$9 in a base rental fund for the Series 2010 Certificates of Participation. These reserves are held in UMB Bank's trust department.

Restricted assets in the amount of \$5,921,087 are reported in the Capital Project Fund. This consists of unspent bond proceeds of \$1,603,164 for the Series 2014B Certificates of Participation issued on January 14, 2015 for street improvements, and unspent bond proceeds of \$3,832,256 for the Series 2016 Certificates of Participation issued on August 2, 2015 for a new public safety facility. These reserves are held in construction escrow accounts at UMB Bank's trust department. An additional \$485,667 is held in an escrow account with FirstBank for the purpose of accumulating funds for asphalt overlay in the Village at Avon pursuant to the Town's lawsuit settlement agreement with Traer Creek Metropolitan District and the developer.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use unrestricted resources first, then restricted, as they are needed.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. It is the Town's policy to capitalize expenditures with a cost greater than \$5,000 and an estimated useful life of more than one year. All purchased capital assets are stated at cost or estimated historical cost if actual historical records are not available. Donated capital assets are recorded at their estimated fair market value at the date of contribution. Major outlays for capital improvement projects are capitalized as projects are completed.

The Town's infrastructure consists of streets and roads, bridges, storm drainage, water rights and storage, heat recovery system, irrigation ditches, bike paths, and public parking.

The costs of normal maintenance and repair that do not add to the value of the asset or extend the estimated useful life are not capitalized but charged to operations as incurred.

Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	10-50 years
Utilities	10-50 years
Machinery and Equipment	3-15 years
Infrastructure	10-100 years

Deferred Inflows of Resources. The government-wide and proprietary funds statement of net position and governmental funds balance sheet 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category: deferred gain on advance refunding of debt and unavailable revenue. In the government-wide and proprietary funds statement of net position *deferred gain on advance refunding of debt* is the result of the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding bonds. The other type of item, *unavailable revenue*, is reported in the government-wide and proprietary fund statement of net position and in the governmental funds balance sheet. The Town reports *unavailable revenues* from two sources: property tax and notes receivable. *Unavailable revenue - notes receivable* arises only under a modified accrual basis of accounting and as such is only reported in the governmental funds balance sheet. *Unavailable revenue – property taxes* is reported in the government-wide and proprietary funds statement of net position and in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations. In the government-wide and proprietary fund statement of net position long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 are reported as debt service expenditures.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

F. Property Taxes

Property taxes are levied by the Town Council. The levy is based on the assessed valuation of property located within the Town as determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners. The County Treasurer collects the property taxes during the ensuing calendar year and remits the taxes collected to the Town on a monthly basis.

Property taxes are payable in full by April 30, or if in two equal installments, by February 28 and June 15. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. Property taxes, net of estimated uncollectible taxes, are recorded as receivable in the year levied and offset to deferred inflows of resources as unavailable revenue since they typically do not meet the availability criterion.

G. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused personal time off (a combination of vacation and holidays) and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town's policy is to not pay for accumulated sick leave when employees separate from service. The liability for compensated absences is recorded as a non-current liability in the government-wide financial statements.

The current portion of this debt is estimated based on historical trends. In the fund financial statements governmental funds report a compensated liability payable only if they have matured, for example, as a result of employee resignations and retirements, while the proprietary funds report the liability as it is incurred. Within the governmental funds, the General Fund typically is used to liquidate any liabilities for compensated absences.

H. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. In Avon's case this is an ordinance adopted by the Town Council. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

-
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
 - Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Town establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The Town considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

I. Statements of Cash Flows

For purposes of the statement of cash flows, the Town considers all highly liquid investments with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

J. Debt Costs

Unamortized premiums of \$302,205 are reflected in noncurrent liabilities. Premiums are amortized over the remaining lives of the related debt issues using the effective interest method.

Note 2. Legal Compliance – Budgets

No later than October 15th, the Town Manager submits to the Mayor and Town Council a proposed budget for the calendar year commencing the following January 1st. The budget is prepared by fund, department, program and project and includes information on the prior year, current estimates and requested appropriations and estimated revenues for the upcoming year.

The Town Council holds public hearings and may change appropriations except for expenditures required by law for debt service or for estimated cash deficits. No change to the budget may increase the authorized expenditures to any amount greater than the total amount of funds available. The Town Council must adopt the budget by resolution prior to December 15th. Once adopted, the Town Council may at any time, by resolution, amend the

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

budget. In addition, the Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department. A department is defined by the Town as a distinct, principal or specialized division (e.g. the Department of Public Works).

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented at a lower-than-required level of control to facilitate detailed financial analysis. Fleet Maintenance Fund expenditures exceeded budgeted appropriations during 2016. This may be a violation of Colorado budget law.

Note 3. Cash and Investments

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ 10,470,013
Investments	3,997,865
Restricted Assets - Cash and Cash Equivalents	<u>7,065,106</u>
Total	<u>\$ 21,532,984</u>

Cash and investments as of December 31, 2016 consist of the following:

Cash on Hand	\$ 4,875
Demand Deposits	1,241,340
Other Deposits With Financial Institutions	4,829,355
Local Government Investment Pools	11,459,549
Investments	<u>3,997,865</u>
Total	<u>\$ 21,532,984</u>

Investments Authorized by the Town of Avon Investment Policy

The table below identifies the investment types that are authorized for the Town by the Town's investment policy. The table also identifies certain provision of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Government Treasury Securities	5 years	None	None
U.S. Government Agency Securities	5 years	None	None
Repurchase Agreements	180 days	None	None
Commercial Paper	270 days	20%	5%
General Obligation Debt	5 years	None	None
Revenue Obligation Debt	5 years	None	None
Local Government Investment Pools	N/A	None	None
Time Certificates of Deposit	1 year	None	None

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government Treasury Securities	\$2,499,665	\$2,499,665	\$ -	\$ -
Federal Instrumentality Securities	<u>1,498,200</u>	<u>1,498,200</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,997,865</u>	<u>\$3,997,865</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colostrust	<u>\$11,459,459</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Government treasury securities, U.S. Government agency securities, and commercial paper: quoted prices for identical securities in markets that are not active;
- Corporate and municipal bonds: quoted prices for similar securities in active markets;
- Repurchase agreements, negotiable certificates of deposit, and collateralized debt obligations: matrix pricing based on the securities' relationship to benchmark quoted prices.

At December 31, 2016, unrealized gains were \$1,137 which reflects changes in the fair market value of investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The investment policy of the Town states that, to the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

requirement, the Town will not invest in securities maturing more than five years from the date of purchase. In addition, the Town shall maintain at least 15% of its total investment portfolio in investments maturing in 120 days or less. At least 10% of the portfolio shall be invested in overnight investments or securities that can be sold to raise cash on one day's notice.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

		Weighted Average Maturity (in Years)
U.S. Government Treasury Notes	\$ 2,499,665	.532
U.S. Government Agency Securities:		
Federal Home Loan Bank	500,200	1.915
Federal National Mortgage Assn.	998,000	1.953
Colotrust	11,459,549	NA
Held by Trustee: Colotrust	<u>4,343,686</u>	NA
Total	<u>\$ 19,801,400</u>	

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Government securities explicitly or implicitly guaranteed by the U.S. Government are not considered to have credit risk exposure, including U.S. Treasury securities, securities of the Government National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

Presented below is the minimum rating, as required by the Town's investment policy, for other investments of the Town as of December 31, 2016.

Ratings <u>Standard & Poor's</u>	Local Government <u>Investment Pools</u>
AAAm	<u>\$11,459,549</u>

Concentration of Credit Risk

With the exception of commercial paper investments, the investment policy of the Town contains no limitations on the amount that can be invested in any one issuer. Commercial paper issuers are limited to no more than 5% of the Town's portfolio. The Town had no investments in commercial paper at December 31, 2016.

Investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and local government investment pools) that represent 5% or more of total Town investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of Total Investments</u>
Federal National Mortgage Assn.	Federal Instrumentality Securities	\$998,000	5.04%

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Town’s deposits are entirely covered by federal depository insurance (“FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures the first \$250,000 of the Town’s deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the Town being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping, and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA. The carrying amount of the Town’s demand deposits was \$1,241,340 at year end.

Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town’s investment policy provides that all investment securities, except certificates of deposit, local government investment pools, and money market funds purchased by the Town shall be settled on a delivery versus payment basis and will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by the Town’s approved custodian bank, its correspondent bank or the Depository Trust Company. An approved Safekeeping Agreement must be executed with each custodian bank prior to utilizing that bank’s safekeeping services and to be eligible a financial institution must have an average Highline Banking Data Services Rating of 20 or better.

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

Local Government Investment Pools

Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. The trusts value their shares based on a stable net value of \$1.00 per share. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts.

As of December 31, 2016, the Town of Avon held investments in the Colorado Local Government Liquid Asset Trust (Colostrust Plus portfolio). The Plus portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. At December 31, 2016, the Town's investments in COLOTRUST were 58% of the Town's investment portfolio.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 10,522,633	\$ 1,066,095	\$ -	\$ 11,588,728
Public Art	1,361,400	-	-	1,361,400
Water Rights	1,792,959	-	-	1,792,959
Construction in Progress	<u>210,058</u>	<u>5,654,532</u>	<u>(3,394,670)</u>	<u>2,469,920</u>
Total Capital Assets, Not Being Depreciated	<u>13,887,050</u>	<u>6,720,627</u>	<u>(3,394,670)</u>	<u>17,213,007</u>
Capital Assets, Being Depreciated:				
Buildings	18,523,372	1,290,698	(5,163)	19,808,907
Utilities	4,484,891	-	-	4,484,891
Machinery and Equipment	5,556,528	366,407	(487,612)	5,435,323
Infrastructure	<u>82,830,049</u>	<u>3,150,523</u>	<u>-</u>	<u>85,980,572</u>
Total Capital Assets, Being Depreciated	<u>111,394,840</u>	<u>4,807,628</u>	<u>(492,775)</u>	<u>115,709,693</u>
Less Accumulated Depreciation:				
Buildings	(8,559,305)	(662,541)	5,166	(9,216,680)
Utilities	(1,031,661)	(207,996)	-	(1,239,657)
Machinery and Equipment	(3,427,143)	(438,725)	433,374	(3,432,494)
Infrastructure	<u>(38,837,128)</u>	<u>(3,453,533)</u>	<u>(1,700)</u>	<u>(42,292,361)</u>
Total Accumulated Depreciation	<u>(51,855,237)</u>	<u>(4,762,795)</u>	<u>436,840</u>	<u>(56,181,192)</u>
Total Capital Assets, Being Depreciated, Net	<u>59,539,603</u>	<u>44,833</u>	<u>(55,935)</u>	<u>59,528,501</u>
Governmental Activities Capital Assets, Net	<u>\$ 73,426,653</u>	<u>\$ 6,765,460</u>	<u>\$ (3,450,605)</u>	<u>\$ 76,741,508</u>

Business-type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 411,834	\$ -	\$ -	\$ 411,834
Capital Assets, Being Depreciated:				
Buildings	15,302,812	161,395	-	15,464,207
Machinery and Equipment	<u>4,148,848</u>	<u>134,994</u>	<u>(49,730)</u>	<u>4,234,112</u>
Total Capital Assets, Being Depreciated	<u>19,451,660</u>	<u>296,389</u>	<u>(49,730)</u>	<u>19,698,319</u>
Less Accumulated Depreciation:				
Buildings and Facilities	(3,140,514)	(374,844)	-	(3,515,358)
Machinery and Equipment	<u>(2,120,484)</u>	<u>(318,811)</u>	<u>46,230</u>	<u>(2,393,065)</u>
Total Accumulated Depreciation	<u>(5,260,998)</u>	<u>(693,655)</u>	<u>46,230</u>	<u>(5,908,423)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,190,662</u>	<u>(397,266)</u>	<u>(3,500)</u>	<u>13,789,896</u>
Business-type Activities Capital Assets, Net	<u>\$ 14,602,496</u>	<u>\$ (397,266)</u>	<u>\$ (3,500)</u>	<u>\$ 14,201,730</u>

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

Governmental Activities:	
General Government	\$ 136,182
Community Development	2,126
Public Safety	166,754
Public Works and Utilities, including depreciation of general infrastructure assets	4,082,689
Recreation and Culture	<u>375,044</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 4,762,795</u>
Business-type Activities:	
Transportation	\$ 553,558
Fleet Maintenance	<u>140,097</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 693,655</u>

Note 5. Long-term Debt

Revenue Bonds and Loans – Avon Urban Renewal Authority. Pursuant to the Urban Renewal Plan adopted for the Town Center West Urban Renewal Project Area (Project Area), generally known as Avon Town Center West, the Avon Urban Renewal Authority issued \$25 million in Series 2008 Tax Increment Adjustable Rate Revenue Bonds (Series 2008 Bonds) in February, 2008 for the purpose of financing the cost of constructing traffic, street and pedestrian improvements. In 2009, the Avon Urban Renewal Authority entered into a Series 2009 Variable Rate Loan Agreement (Series 2009 Loan) in the amount of \$7,200,000 with Vectra Bank for the purpose of refinancing the Authority's Series 2008 Tax Increment Adjustable Rate Revenue Bonds. Net proceeds from the Series 2009 Loan, along

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

with unused proceeds and the reserve account balance from the Series 2008 bonds, were used to redeem the Series 2008 bonds.

In 2013, the Avon Urban Renewal Authority issued Series 2013 Tax Increment Revenue Bonds for the purpose of refinancing outstanding obligations of the Authority and to finance certain capital improvements. The Bonds constitute a pledge of, and an irrevocable first lien (but not an exclusive first lien), on all pledged revenues. Pledged revenues include the portion of the ad valorem proprietary taxes produced by the levies at the rates fixed each year by the governing bodies of the various taxing jurisdictions within the Urban Renewal Project Area. The levies are assessed upon that portion of the valuation for assessment of all taxable property in excess of a defined property tax base amount. The pledged revenues are reduced by a) any County collection fee (b) tax increment revenues required to be remitted by the Authority to the Confluence Metropolitan District pursuant to the Avon Station/Confluence IGA; and (c) ad valorem property taxes produced by a mill levy of any special district formed after May 28, 2009. Pledged revenues also include all amounts appropriated to the Authority to replenish reserves along with applicable investment earnings and any other legally available moneys which the Town determines, in its sole discretion, to deposit in the Bond Account.

The 2013 Bonds have a reserve requirement of \$628,240. If, at any time, the balance of the Reserve Account is less than the Reserve Requirement the Town Council has agreed to consider but is not obligated to, replenish the Reserve Account balance to the Reserve Requirement. Until the Town credits an amount to the Reserve Account sufficient to replenish the Reserve Account balance to the Reserve Requirement, the Authority shall continue to credit Pledged Revenues to the Reserve Account to the extent available. The Bonds shall be subject to optional redemption on any interest payment date with a redemption price of the Bonds not exceeding 101% of the principal amount so redeemed.

Revenue bonds and loans outstanding at December 31, 2016, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Avon Urban Renewal Authority	3.52%	<u>\$ 5,790,000</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2016, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Avon Urban Renewal Authority</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 395,000	\$ 203,808
2018	410,000	189,904
2019	425,000	175,472
2020	440,000	160,512
2021	455,000	145,024
2022-2026	2,525,000	473,616
2027-2028	<u>1,140,000</u>	<u>60,544</u>
Total	<u>\$ 5,790,000</u>	<u>\$ 1,408,880</u>

Certificates of Participation. In 1998, the Town of Avon Finance Authority issued Certificates of Participation in order to finance the cost of constructing a fleet maintenance facility. The Certificates evidence assignments of proportionate interest in rights to receive payments pursuant to an annually terminable Lease Purchase and Sublease Agreement, dated as of July 1, 1998, and entered into between the Authority as lessor, and the Town of Avon as lessee. In 1999, the fleet maintenance facility was completed and the proceeds from the Certificates that were used directly in the construction of the fleet maintenance facility in the amount of \$5,141,250 (approximately 75%) were capitalized in the Fleet Maintenance Fund.

On November 16, 2010, the Town issued \$6,680,000 of Series 2010 Certificates of Participation with interest rates of 2% to 5%. The Certificates evidence a proportionate interest in the base rentals and other revenues under an annually renewable lease purchase agreement dated as of November 1, 2010, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Avon, as lessee. These Certificates were used to refund the outstanding 1998 Certificates of Participation in the aggregate principal amount of \$3,990,000. The refunding resulted in an economic gain of \$43,298 with a cash flow savings of \$904,642. The remaining funds from the 2010 Certificates were used as matching funds for the construction of the Avon Regional Transit Facility, which was completed and placed into service in October, 2013.

On January 14, 2015, the Town issued \$3,800,000 of Series 2014B Certificates of Participation with an interest rate of 3.03% to finance the cost of street improvements. The Certificates evidence a proportionate interest in the base rentals and other revenues under an annually renewable lease purchase agreement dated as of January 14, 2015, between UMB Bank, N.A., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Avon, as lessee.

On May 3, 2016, the Town held a special election concerning the financing for a joint public safety facility in partnership with the Eagle River Fire Protection District. The election was successful and on August 2, 2016, the Town issued \$6,300,000 of Series 2016 Certificates

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

of Participation with an interest rates 2% to 4%. The Certificates evidence a proportionate interest in the base rentals and other revenues under an annually renewable lease purchase agreement dated as of August 2, 2016, between UMB Bank, N.A., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Avon, as lessee.

Certificates of Participation outstanding at December 31, 2016, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Refunding and Capital	2.0% - 5.0%	<u>\$14,840,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2016, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 560,000	\$ 457,469	\$ 140,000	113,906
2018	630,000	381,855	145,000	109,357
2019	650,000	362,707	150,000	104,825
2020	675,000	342,413	155,000	99,575
2021	695,000	324,167	160,000	94,150
2022-2026	3,790,000	1,274,795	935,000	342,475
2027-2031	3,585,000	591,871	920,000	105,750
2032-2035	<u>1,650,000</u>	<u>124,069</u>	<u>0</u>	<u>0</u>
Total	<u>\$12,235,000</u>	<u>\$ 3,859,346</u>	<u>\$ 2,605,000</u>	<u>\$ 970,038</u>

Capital Lease Obligations. The following leases are renewable on an annual basis, at the option of the Town, for consecutive one-year periods. Upon final payment, title to the leased assets will pass to the Town.

- Lease obligation for equipment with a total cost of \$563,811 and a book value net of accumulated depreciation at December 31, 2016 of \$331,203. Due in four remaining semi-annual installments of \$45,210 through August, 2018. Amortization is based on an interest rate of 3.162%. The Town may terminate the lease by paying the applicable purchase option on any scheduled payment. Balance at December 31, 2016, is \$173,912.
- Lease obligation for equipment with a total cost of \$217,004 and a book value net of accumulated depreciation at December 31, 2016 of \$129,865. Due in five remaining semi-annual installments of \$16,803.27 through March, 2019. Amortization is based on an interest rate of 2.19%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2016, is \$81,325.
- Lease obligation for equipment with a total cost of \$208,418 and a book value net of accumulated depreciation at December 31, 2016 of \$155,655. Due in four semi-annual installments of \$18,397 through August, 2018. Amortization is based on an interest rate of 1.77%. The Town may terminate the lease by paying the applicable

purchase option on any scheduled payment. Balance at December 31, 2016 is \$71,989.

- Lease obligation for equipment with a total cost of \$168,986 and a book value net of accumulated depreciation at December 31, 2016 of \$137,301. Due in ten semi-annual installments of \$13,139 through July, 2021. Amortization is based on an interest rate of 2.10%. The Town may terminate the lease by paying the applicable purchase option on any scheduled payment. Balance at December 31, 2016 is \$124,117.

Annual debt service requirements to maturity for Capital Lease Obligations outstanding at December 31, 2016, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 115,106	\$ 6,663	\$ 61,960	\$ 3,371
2018	117,772	3,999	63,864	1,466
2019	41,433	1,648	-	-
2020	25,336	943	-	-
2021	<u>25,871</u>	<u>408</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 325,518</u>	<u>\$ 13,661</u>	<u>\$ 125,824</u>	<u>\$ 4,837</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
- General Obligation Bonds	\$ 515,000	\$ -	\$ 515,000	\$ -	\$ -
- Revenue Bonds	6,200,000	-	410,000	5,790,000	395,000
- Certificates of Participation	<u>6,280,000</u>	<u>6,300,000</u>	<u>345,000</u>	<u>12,235,000</u>	<u>560,000</u>
	12,995,000	6,300,000	1,270,000	18,025,000	955,000
- Bond Premium	<u>5,860</u>	<u>302,205</u>	<u>5,860</u>	<u>302,205</u>	<u>9,834</u>
Total Bonds Payable	13,000,860	6,602,205	1,275,860	18,327,205	964,834
Capitalized Leases Payable	438,024	-	112,506	325,518	115,106
Compensated Absences	<u>278,005</u>	<u>650,258</u>	<u>576,538</u>	<u>351,725</u>	<u>351,725</u>
Governmental Activity Long-term Liabilities	<u>\$13,716,889</u>	<u>\$ 7,252,463</u>	<u>\$ 1,964,904</u>	<u>\$19,004,448</u>	<u>\$ 1,431,665</u>

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

Business-type Activities:

Certificates of Participation	\$ 2,740,000	\$ -	\$ 135,000	\$ 2,605,000	\$ 140,000
Bond Premium	<u>37,127</u>	<u>-</u>	<u>2,495</u>	<u>34,632</u>	<u>2,496</u>
Total Bonds Payable	2,777,127	-	137,495	2,639,632	142,496
Capitalized Leases Payable	185,937	-	58,322	125,824	61,960
Compensated Absences	<u>46,494</u>	<u>102,188</u>	<u>92,314</u>	<u>56,368</u>	<u>56,368</u>
Business-type Activity Long-term Liabilities	<u>\$ 3,009,558</u>	<u>\$ 102,188</u>	<u>\$ 288,131</u>	<u>\$ 2,821,824</u>	<u>\$ 260,824</u>

Conduit Debt Obligations. The Town has sponsored the issuance of revenue bonds in prior years to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Neither the Town, the State of Colorado, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements. Conduit debt obligations at December 31, 2016, are described as follows:

Eaglebend Affordable Housing Corporation. The Eaglebend Affordable Housing Corporation (Eaglebend) was formed on October 23, 1990, to help provide for affordable housing within the Town of Avon. Eaglebend operates exclusively on behalf and for the benefit of the Town to operate a 294-unit apartment project within the Town. The Town approved the formation and the issuance of the revenue bonds to finance the project and will obtain full legal title to the land, buildings and equipment upon payment in full of the bonds issued by Eaglebend.

On August 30, 2006, Eaglebend issued \$18,495,000 of Multifamily Housing Project Revenue Refunding Bonds Series 2006A, Series 2006B, and Series C Subordinate Multifamily Housing Project Bonds in order to defease \$17,455,000 of outstanding Series 1997A Eaglebend Affordable Housing Corporation Revenue Refunding Bonds, and \$1,355,000 of outstanding Series 1997B&C Subordinate Eaglebend Affordable Housing Corporation Revenue Refunding Bonds. At December 31, 2016, there was \$11,965,000 outstanding in Multifamily Housing Project Revenue Refunding Bonds, Series 2006A and Series 2006C.

Eaglebend Dowd Affordable Housing Corporation. The Eaglebend Dowd Affordable Housing Corporation (Dowd) was formed on March 24, 1998, to help provide for affordable housing within Eagle County. Dowd operates a 50-unit apartment project within Eagle County. The Town approved the formation and the issuance of the revenue bonds to finance the project and will obtain full legal title to the land, buildings and equipment upon payment in full of the bonds. The Town, however, is in no way obligated to pay the debt service on the bonds.

In 2003, the Town approved the issuance by Dowd of \$9,520,000 in Series 2003 Refunding Revenue Bonds in order to defease the outstanding Series 1998A Revenue Bonds by placing

the proceeds of the Series 2003 bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In August, 2013, Dowd issued \$8,450,000 in Series 2013 Multifamily Housing Project Refunding Revenue Bonds in order to refund the Series 2003 Bonds. In November, 2014, Dowd issued \$8,850,000 of Multifamily Housing Project Refunding Revenue Bonds, Series 2014A to refund and defease the Series 2013 bonds. As of December 31, 2016, there was \$8,513,858 outstanding in Series 2014A Multifamily Housing Project Refunding Revenue Bonds, and \$1,600,000 outstanding in Series 1998 B&C Subordinate Revenue Bonds.

Buffalo Ridge I and II Apartment Project. The Buffalo Ridge I Apartment Project consists of 68 units composed of 2 and 3-bedroom units in four buildings located on the north side of Interstate 70 east of the Town of Avon municipal fleet maintenance facility. The owner of the Buffalo Ridge I Apartments is the Buffalo Ridge Affordable Housing Corporation. In 2002 the Project issued Multifamily Housing Project Revenue Bonds, Series 2002 in order to finance construction costs relating to the Project. As part of the transaction, the lender originated a mortgage loan to the Project insured by the FHA, which was secured by a promissory note and a deed of trust. In addition, in order to provide security for the Bonds, the Project entered into a Financing Agreement among the Project, the lender and Wells Fargo Bank, NA, as trustee for the Bonds, pursuant to which the Project directed the Trustee to use proceeds of the Bonds to purchase from the lender fully modified mortgage-backed securities secured by the Government National Mortgage Association (the “GNMA Securities”). The bonds were redeemed in 2011 upon the sale of the GNMA Securities. Pursuant to the plan of financing, this project will be transferred to the Town of Avon upon the repayment in full of the outstanding debt.

The project above is part of a total development comprised of 244 units. The Buffalo Ridge II Apartment Project consists of approximately 176 units in eleven (11) three-story buildings. The Town of Avon issued multifamily housing revenue bonds dated May 1, 2002, in order to provide financing to Buffalo Ridge II, LLLP, a Colorado limited liability partnership formed for the principal purpose of owning the project. On January 11, 2012, the \$14,940,000 outstanding in the Series 2002A Multifamily Housing Project Revenue Bonds and outstanding Series 2002B Taxable Multifamily Housing Project Revenue Bonds were defeased in full.

Defeased Debt. Certain other bonds previously issued by the Town have been defeased by the issuance of refunding bonds. As of December 31, 2016, there are no amounts outstanding on any refunded bonds.

Note 6. Employee Retirement Plans

Full-time Employees. The Town maintains two single-employer, defined contribution pension plans for full-time employees: (1) the Town of Avon Police Officers Money Purchase Pension Plan of which there are 20 participants, and (2) the Town of Avon General Employee Money Purchase Pension Plan of which there are 108 participants as of December

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31, 2016. Plan administration and recordkeeping of these plans is provided by The Principal Financial Group.

A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account.

All full-time employees are required to participate in one of the above retirement plans upon employment with the Town. The type of plan that an employee participates in is dependent on the type of employee (police officer or general government employee). Town ordinance provides that both the employee and the Town will contribute an amount equal to 11% of the employee's base salary each month.

Employees hired prior to September 30, 1990, become vested in accordance with a vesting schedule which is dependent on the type of employee and hire date. All employees hired after September 30, 1990, start partial vesting after two years of service and are fully vested after five years of service. In addition, if an employee reaches normal retirement age, dies, or becomes totally and permanently disabled his account becomes fully vested regardless of length of service. Forfeitures by employees who leave employment before being fully vested are applied, first, to offset administrative expenses of the plans, and second, to reduce matching employer contributions. Forfeitures totaling \$46,407 were used in 2016 for administrative expenses. No forfeitures were used to reduce matching employer contributions.

Contributions made by employees and the Town for the three years ended December 31, 2016, are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employee Contributions	<u>\$ 607,999</u>	<u>\$ 577,084</u>	<u>\$ 522,844</u>
Town Contributions	<u>\$ 607,999</u>	<u>\$ 577,084</u>	<u>\$ 522,844</u>

Both the Town and the covered employees each made the required 11% contributions to the plans. There are no liabilities for benefits beyond the Town's matching payments. No changes in the various plan's provisions occurred in 2016.

Part-time, Temporary and Seasonal Employees. On October 14, 1997, the Town adopted a PTS Retirement Plan administered by the ICMA Retirement Corporation, and established under Section 457 of the Internal Revenue Code that pertains to deferred compensation plans. The PTS plan is designed specifically for employees who are part-time, temporary, or seasonal, and is defined as a Social Security replacement retirement plan. The PTS plan

allows participants to defer federal and state income taxes on savings until retirement. The PTS plan requires a minimum contribution of 7.5% of an employee's salary per plan year. This 7.5% may be the employee's contribution, the employer's contribution or a combination of both. The Town elected to have 3.75% contributed by the employee and 3.75% matched by the Town. Employees also have the option to contribute additional amounts.

Upon separation of service, participants may withdraw the account balance in a lump-sum payment, roll the account balance over into another 457 plan, or continue to allow the account balance earn interest tax free. Taxes are paid when funds are withdrawn from the plan.

Contributions actually made by plan members and the Town for the three years ended December 31, 2016, are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employees	<u>\$36,031</u>	<u>\$36,655</u>	<u>\$29,540</u>
Town	<u>\$25,239</u>	<u>\$25,490</u>	<u>\$25,183</u>

Both the Town and the covered employees each made the required 3.75% contributions to the plan. There are no liabilities for benefits beyond the Town's matching payments. As of December 31, 2016 there were 286 participants in this plan.

Note 7. 457 Deferred Compensation Plan

The Town offers its full-time employees an optional supplemental deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Trust and allows eligible participants the opportunity to accumulate additional retirement savings with certain tax advantages. Deposits into the 457 plan are not subject to state or federal income taxes at the time of deposit, and earnings on these deposits are deferred until withdrawn. As of December 31, 2016 there were 49 participants in the 457 plan.

Note 8. Employee Health Care

The Town has a self-insurance plan for employee health and dental care. A third-party administrator processes individual employee claims and negotiates excess stop-loss insurance policies. Excess stop-loss insurance policies are purchased to cover individual claims in excess of \$35,000 and aggregate total yearly claims in excess of \$1,343,954. Settled benefit claims did not exceed the aggregate total yearly claims for 2016. As of December 31, 2016, the Town held reserves for future claims in the amount of \$472,594.

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The following represents the changes in the claims reserve for the Town for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Claims Reserve for Future Claims, Beginning of Year	\$ 472,594	\$ 250,217
Current Year Deposits for Estimated Claims	1,537,574	1,385,702
Excess Stop Loss Refunds for Specific (Individual) Claims	78,413	109,772
Claim Payments	<u>(1,472,951)</u>	<u>(1,273,097)</u>
Claims Reserve for Future Claims, End of Year	<u>\$ 615,630</u>	<u>\$ 472,594</u>

Note 9. Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as “due to/from other funds”. These interfund receivables and payables are expected to be repaid within the next year. The composition of these interfund balances as of December 31, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fleet Maintenance Fund	\$ 100,000
General Fund	Avon Urban Renewal Fund	<u>3,000</u>
Total		<u>\$ 103,000</u>

Interfund Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 219,735	\$ 3,332,570
Urban Renewal Authority Fund	77,576	-
Water Fund	-	173,200
Debt Service	578,808	-
Capital Projects Fund	1,943,200	798,543
Transit Enterprise Fund	1,134,994	-
Fleet Maintenance Enterprise Fund	450,000	-
Nonmajor Fund:		
Community Enhancement Fund	<u>-</u>	<u>100,000</u>
	4,404,313	4,404,313
Transfer In of Non-financial Resources:		
Transit Enterprise Fund	150,215	-
Internal Service Fund	<u>284,651</u>	<u>-</u>
Total	<u>\$4,839,179</u>	<u>\$4,404,313</u>

In the fund financial statements, total transfers in of \$4,839,179 are greater than total transfers out of \$4,404,313 because of the treatment of transfers of non-financial resources to the Transit enterprise fund and the internal service fund. During the year, capital assets purchased in 2016 related to governmental funds, with a book value of \$150,215 and

\$172,146 were transferred to the Transit enterprise fund and internal service fund, respectively. In addition, capital lease principal payments of \$112,506 were made on behalf of the internal service fund. No amounts were reported in the governmental funds as the amounts did not involve the transfer of financial resources. However, the internal service fund reported a transfer in for the capital resources received.

Note 10. Commitments and Contingencies

Litigation. The Town is a party to various legal proceedings. Town management is of the opinion that ultimate disposition of those subsequent pending claims and legal proceedings will not likely have a material adverse effect, if any, on the financial condition of the Town.

Construction Contract Commitments. As of December 31, 2016 there was one major construction contract commitment outstanding for the Public Safety Facility project in the amount of \$8,122,182. The Town's share of this cost based upon the Intergovernmental Agreement with the Eagle River Fire Protection District (discussed below) is \$4,864,602.

Intergovernmental Agreement. The Town entered into an Intergovernmental Agreement (IGA) with the Eagle River Fire Protection District (Fire District) on April 28, 2015 for the purpose of jointly designing, financing, and constructing a Joint Public Safety Facility in the Town of Avon. The IGA expires on June 2, 2020. The IGA provides for a number of covenants and mutual agreements including temporary financing, design, construction bid process, construction financing, sale and conveyance of land, and construction.

As of December 31, 2016 there have been three amendments to the IGA including entering into a memorandum of agreement regarding cost sharing, and the waiver of various fees by both parties.

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. TABOR also requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue

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shortfalls, or salary or benefit increases. The Town has established an emergency reserve in the General Fund for the year ended December 31, 2016 in the amount of \$664,805.

In November 1997, voters within the Town passed a ballot issue which permanently authorizes the Town, without an election, to take action on all spending and revenue raising measures which are limited by TABOR. In addition, voters authorized the Town to keep and spend all revenue collected by the Town regardless of any limitation contained in TABOR. The only exceptions are proposed sales or use tax rate increases and property tax rate increases which must be submitted to the voters, unless otherwise allowed by law.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement of 225 municipalities and 43 special districts to provide property, general and automobile liability and public officials coverage to its members. CIRSA is governed by a seven-member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts.

Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so. The Town's annual contribution to CIRSA amounted to \$189,087 for 2016. The Town has not been informed of any excess losses that may have been incurred by the pool.

The Town continues to carry commercial insurance coverage for other risks of loss including workers compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 12. Upper Eagle Regional Water Authority

The Town is a participant in the Upper Eagle Regional Water Authority. The Authority was formed pursuant to an establishing contract on September 18, 1984, by the following municipal and quasi-municipal corporations (Members) located in Eagle County, Colorado.

- Arrowhead Metropolitan District
- Beaver Creek Metropolitan District
- Berry Creek Metropolitan District
- Eagle-Vail Metropolitan District
- Edwards Metropolitan District
- Town of Avon

The Authority also provides water services to the Cordillera and Bachelor Gulch developments through contracts with Members.

The Authority was formed to make the best practicable use of the Members' joint resources in supplying water to the members and to further develop water resources and facilities in Eagle County. The Authority may not be terminated so long as bonds, notes or other obligations are outstanding, unless provision for full payment of such obligations has been made. At December 31, 2016, the Authority had debt with maturities through the year 2039.

The Town has a service contract with the Authority whereby the Authority provides and bills residents of the Town with water at a rate which is expected to cover its costs in providing water services and other functions. Such costs specifically include debt service requirements, depreciation, and operations and maintenance, including maintenance of the Town's water distribution system. As part of the agreement, the Town conveyed its water distributions facilities and leased its water rights, associated easements and improvements to the Authority at no cost. In consideration, the Authority has agreed to maintain the associated improvements and to administer and protect the Town's plan for augmentation and water decrees at no cost.

During 2016, the Authority collected \$153,637 in water surcharges for the Town.

Note 13. Tax Abatements

The Town has entered into various agreements in order to meet development goals within certain areas of Town. The following areas have continuing development requirements or abatement agreements requiring disclosure.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

<u>Development Area</u>	<u>Revenues Impacted</u>	<u>Governing Document</u>	<u>Amount</u>	<u>Requirements</u>
Village at Avon PUD	Sales Tax, Accommodation Tax, Real Estate Transfer Tax	Consolidated, Amended and Restated Annexation and Development Agreement	\$3,921,493	100% tax credit against sales, accommodations and real estate transfer taxes paid within the development area.
Riverfront PUD	Property Tax Increment	Intergovernmental Agreement	\$ 286,794	100% tax rebate of incremental property taxes received from Avon Station Metropolitan District, excluding Lot B.

Note 14. Major Taxpayers

For the year ended December 31, 2016 forty-seven percent (47%) of the Town's sales tax revenues were received from the ten highest-paying companies.

Note 15. Subsequent Event

On January 5, 2017 the Avon Urban Renewal Authority issued \$3,000,000 of Series 2017 Tax Increment Revenue Bonds for the purpose of financing improvements and renovations the the new Avon Town Hall.



REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF AVON, COLORADO

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

(BUDGETARY BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,977,899	12,097,238	\$ 12,672,461	\$ 575,223
Licenses and Permits	174,000	206,100	259,997	53,897
Intergovernmental	990,710	1,004,571	1,014,141	9,570
Charges for Services	1,310,263	1,429,024	1,543,296	114,272
Fines and Forfeitures	116,900	92,445	91,014	(1,431)
Investment Earnings	25,000	25,000	73,208	48,208
Other Revenues	364,900	325,400	407,333	81,933
Total Revenues	14,959,672	15,179,778	16,061,450	881,672
Expenditures				
Current:				
General Govt., Finance & Administration	3,141,229	3,157,669	3,103,970	53,699
Community Development	1,174,639	1,380,476	1,201,086	179,390
Public Safety	3,253,284	3,204,355	3,122,942	81,413
Public Works	4,090,065	3,995,687	3,823,374	172,313
Recreation	1,281,738	1,294,689	1,293,277	1,412
Contingency	100,000	99,000	-	99,000
Total Expenditures	13,040,955	13,131,876	12,544,649	587,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,918,717	2,047,902	3,516,801	1,468,899
Other Financing Sources (Uses)				
Transfers In	219,735	219,735	219,735	-
Transfers Out	(1,952,000)	(3,350,868)	(3,332,570)	18,298
Total Other Financing Sources (Uses)	(1,732,265)	(3,131,133)	(3,112,835)	18,298
Net Change in Fund Balances	186,452	(1,083,231)	403,966	1,487,197
Fund Balances, Beginning of Year	4,578,732	5,659,925	5,659,925	-
Fund Balances, End of year	\$ 4,765,184	\$ 4,576,694	\$ 6,063,891	\$ 1,487,197

TOWN OF AVON, COLORADO

REQUIRED SUPPLEMENTAL INFORMATION AVON URBAN RENEWAL AUTHORITY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,053,955	\$ 1,006,846	\$ 1,026,248	\$ 19,402
Investment Earnings	4,712	3,769	4,085	316
Total Revenues	<u>1,058,667</u>	<u>1,010,615</u>	<u>1,030,333</u>	<u>19,718</u>
Expenditures				
Current:				
General Government	950	5,450	-	5,450
Public Works and Utilities	298,281	270,471	252,173	18,298
Capital Improvements	-	32,603	32,603	-
Debt Service:				
Principal	410,000	410,000	410,000	-
Interest	218,240	218,240	218,240	-
Fiscal Charges	32,620	39,700	39,690	10
Total Expenditures	<u>960,091</u>	<u>976,464</u>	<u>952,706</u>	<u>23,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,576	34,151	77,627	43,476
Other Financing Sources (Uses)				
Transfers In:				
General Fund	250,000	95,874	77,576	(18,298)
Net Change in Fund Balances	<u>348,576</u>	<u>130,025</u>	<u>155,203</u>	<u>25,178</u>
Fund Balances, Beginning of Year	<u>946,525</u>	<u>1,032,560</u>	<u>1,032,560</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 1,295,101</u>	<u>\$ 1,162,585</u>	<u>\$ 1,187,763</u>	<u>\$ 25,178</u>

TOWN OF AVON, COLORADO

REQUIRED SUPPLEMENTAL INFORMATION

WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 170,000	\$ 190,000	\$ 229,214	\$ 39,214
Total Revenues	<u>170,000</u>	<u>190,000</u>	<u>229,214</u>	<u>39,214</u>
Expenditures				
Current:				
Public Works and Utilities	122,353	994,786	992,278	2,508
Total Expenditures	<u>122,353</u>	<u>994,786</u>	<u>992,278</u>	<u>2,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,647	(804,786)	(763,064)	41,722
Other Financing Sources (Uses)				
Transfers Out:				
Capital Projects Fund	(100,000)	(173,200)	(173,200)	-
Net Change in Fund Balances	(52,353)	(977,986)	(936,264)	41,722
Fund Balances, Beginning of Year	<u>880,199</u>	<u>1,016,159</u>	<u>1,016,159</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 827,846</u>	<u>\$ 38,173</u>	<u>\$ 79,895</u>	<u>\$ 41,722</u>

TOWN OF AVON, COLORADO

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION DECEMBER 31, 2016

Note 1. Budgetary Information

An annual budget is legally adopted on a basis consistent with generally accepted accounting principles for all funds, with the exception of proprietary funds which are budgeted on the modified accrual basis of accounting. Appropriations lapse at fiscal year-end except for capital projects and special revenue funds which may have project-length budgets that carryover from year-to-year. However, as a matter of practice, the Town adopts annual budgets for all funds. The budget is prepared by fund, department, program, object and project. Expenditures may not legally exceed budgeted appropriations at the fund level.

The Town Council holds public hearings and may change appropriations except for expenditures required by law for debt service or for estimated cash deficits. No change to the budget may increase the authorized expenditures to any amount greater than the total amount of funds available. The Town Council must adopt the budget by resolution prior to December 15th. Once adopted, the Town Council may at any time, by resolution, amend the budget. In addition, the Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department. A department is defined by the Town as a distinct, principal or specialized division (e.g. the Department of Public Works).



SUPPLEMENTAL SECTION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Enhancement Fund – This fund is used to account for revenues received from a franchisee and restricted for use for beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events, and undergrounding of overhead electric and other utility lines.

Affordable Housing Fund – This fund is used to accumulate and account for resources received and restricted for use in the Town’s affordable housing program.

TOWN OF AVON, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2016

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Community Enhancement Fund	Affordable Housing Fund	
ASSETS			
Cash and Cash Equivalents	\$ (9,531)	\$ 528,076	\$ 518,545
Receivables:			
- Accounts	71,736	144	71,880
Notes Receivable	-	94,830	94,830
Total Assets	\$ 62,205	\$ 623,050	\$ 685,255
LIABILITIES			
Accounts Payable	\$ -	\$ 12,037	\$ 12,037
Total Liabilities	-	12,037	12,037
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Notes Receivable	-	94,830	94,830
Total Deferred Inflows of Resources	-	94,830	94,830
FUND BALANCES			
Restricted For:			
Community Enhancement	62,205	-	62,205
Affordable Housing Programs	-	516,183	516,183
Total Fund Balances	62,205	516,183	578,388
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 62,205	\$ 623,050	\$ 685,255

TOWN OF AVON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Community Enhancement Fund	Affordable Housing Fund	
Revenues			
Investment Earnings	\$ -	\$ 900	\$ 900
Other Revenues	71,736	12,985	84,721
Total Revenues	<u>71,736</u>	<u>13,885</u>	<u>85,621</u>
Expenditures			
Current:			
General Government	-	15,037	15,037
Total Expenditures	<u>-</u>	<u>15,037</u>	<u>15,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,736	(1,152)	70,584
Other Financing Sources (Uses):			
Transfers Out:			
Capital Projects Fund	(100,000)	-	(100,000)
Net Change in Fund Balances	(28,264)	(1,152)	(29,416)
Fund Balances, Beginning of Year	<u>90,469</u>	<u>517,335</u>	<u>607,804</u>
Fund Balances, End of year	<u>\$ 62,205</u>	<u>\$ 516,183</u>	<u>\$ 578,388</u>

TOWN OF AVON, COLORADO

COMMUNITY ENHANCEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ 84,000	\$ 84,000	\$ 71,736	\$ (12,264)
Total Revenues	84,000	84,000	71,736	(12,264)
Expenditures				
Current:				
Public Works and Utilities	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	84,000	84,000	71,736	(12,264)
Other Financing Sources (Uses):				
Transfers Out:				
Capital Projects Fund	(100,000)	(100,000)	(100,000)	-
Net Change in Fund Balances	(16,000)	(16,000)	(28,264)	(12,264)
Fund Balances, Beginning of Year	96,996	90,469	90,469	-
Fund Balances, End of year	\$ 80,996	\$ 74,469	\$ 62,205	\$ (12,264)

TOWN OF AVON, COLORADO

AFFORDABLE HOUSING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ 1,191	\$ 935	\$ 900	\$ (35)
Other Revenues	2,694	12,950	12,985	35
Total Revenues	3,885	13,885	13,885	-
Expenditures				
Current:				
General Government	25,000	25,000	15,037	9,963
Total Expenditures	25,000	25,000	15,037	9,963
Net Change in Fund Balances	(21,115)	(11,115)	(1,152)	9,963
Fund Balances, Beginning of Year	517,335	517,335	517,335	-
Fund Balances, End of year	\$ 496,220	\$ 506,220	\$ 516,183	\$ 9,963

TOWN OF AVON, COLORADO

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$ 546,531	\$ 546,531	\$ 546,465	\$ (66)
Investment Earnings	750	2,100	2,728	628
Total Revenues	<u>547,281</u>	<u>548,631</u>	<u>549,193</u>	<u>562</u>
Expenditures				
Debt Service:				
Principal	860,000	860,000	860,000	-
Interest	245,158	245,158	246,170	(1,012)
Fiscal Charges	20,931	20,931	14,381	6,550
Total Expenditures	<u>1,126,089</u>	<u>1,126,089</u>	<u>1,120,551</u>	<u>5,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(578,808)	(577,458)	(571,358)	6,100
Other Financing Sources (Uses)				
Transfers In:				
Capital Projects Fund	578,808	578,808	578,808	-
Net Change in Fund Balances	-	1,350	7,450	6,100
Fund Balances, Beginning of Year	<u>510,375</u>	<u>529,117</u>	<u>529,117</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 510,375</u>	<u>\$ 530,467</u>	<u>\$ 536,567</u>	<u>\$ 6,100</u>

TOWN OF AVON, COLORADO

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Real Estate Transfer Tax	\$ 2,100,000	\$ 2,300,000	\$ 3,497,602	\$ 1,197,602
Intergovernmental	2,158,434	1,902,534	1,854,136	(48,398)
Investment Earnings	13,372	13,372	58,744	45,372
Other Revenues	80,000	80,000	159,549	79,549
Total Revenues	4,351,806	4,295,906	5,570,031	1,274,125
Expenditures				
Capital Projects:				
Facilities	383,790	8,512,454	4,826,688	3,685,766
Land and Land Improvements	298,450	136,200	119,077	17,123
Roads and Streets	4,803,000	4,213,574	3,718,368	495,206
Water Fund Projects	100,000	150,000	129,796	20,204
Communication and Technology	-	33,869	35,182	(1,313)
Strategic Planning	-	75,000	-	75,000
Other	5,000	5,000	2,851	2,149
Debt Service:				
Capital Leases	121,770	121,770	121,770	-
Bond Issuance Costs	-	153,550	147,270	6,280
Total Expenditures	5,712,010	13,401,417	9,101,002	4,300,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,360,204)	(9,105,511)	(3,530,971)	5,574,540
Other Financing Sources (Uses)				
Transfers In:				
General Fund	120,000	1,670,000	1,670,000	-
Avon Urban Renewal Fund	500,000	-	-	-
Water Fund	100,000	173,200	173,200	-
Community Enhancement Fund	100,000	100,000	100,000	-
Transfers Out:				
General Fund	(219,735)	(219,735)	(219,735)	-
Debt Service Fund	(578,808)	(578,808)	(578,808)	-
Debt Issuance Proceeds	2,500,000	6,602,205	6,602,205	-
Total Other Financing Sources (Uses)	2,521,457	7,746,862	7,746,862	-
Net Change in Fund Balances	1,161,253	(1,358,649)	4,215,891	5,574,540
Fund Balances, Beginning of Year	5,354,135	6,198,817	6,198,817	-
Fund Balances, End of Year	\$ 6,515,388	\$ 4,840,168	\$ 10,414,708	\$ 5,574,540

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Town Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or where the Town Council has decided that periodic determination of net income is appropriate for accountability purposes.

Transit Fund – This fund is used to account for the activities involved in operating the Town’s transportation system.

Fleet Maintenance Fund – This fund is used to account for the accumulation and allocation of costs associated with the maintenance of vehicles and rolling stock for the Town and certain other third-party governmental entities.

TOWN OF AVON, COLORADO

TRANSIT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 44,210	\$ 40,190	\$ 40,258	\$ 68
Intergovernmental	328,000	100,000	100,000	-
Charges for Services	208,829	208,829	227,617	18,788
Other Revenue	72,000	82,500	92,740	10,240
Total Revenues	653,039	431,519	460,615	29,096
Expenditures:				
Administration	239,797	237,956	235,867	2,089
Operations	1,549,213	1,262,737	1,261,623	1,114
Wash Bay	159,486	125,273	102,413	22,860
Total Expenditures	1,948,496	1,625,966	1,599,903	26,063
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,295,457)	(1,194,447)	(1,139,288)	55,159
Other Financing Sources (Uses):				
Transfers In:				
General Fund	1,282,000	1,134,994	1,134,994	-
Net Change in Fund Balances	(13,457)	(59,453)	(4,294)	55,159
Fund Balances, Beginning of Year	631,793	689,894	689,894	-
Fund Balances, End of Year	\$ 618,336	\$ 630,441	\$ 685,600	\$ 55,159

Fund Balances at December 31, 2016, is computed as follows:

Current Assets	\$ 780,109
Less: Current Liabilities and Deferred Inflows of Resources	(151,514)
Add: Current Portion of Capital Leases Payable	57,005
Fund Balances - December 31, 2016	\$ 685,600

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ (4,294)</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Capital Assets	134,994
Principal Paid on Capital Leases	55,244
Transfers In of Non-financial Resources	150,215
Depreciation	<u>(553,558)</u>
Total Adjustments	<u>(213,105)</u>
Change in Net Position (GAAP Basis)	<u><u>\$ (217,399)</u></u>

TOWN OF AVON, COLORADO

FLEET MAINTENANCE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Third-party Fleet Maintenance Charges	\$ 897,902	\$ 572,713	\$ 669,230	\$ 96,517
Departmental Fleet Maintenance Services	579,730	511,342	557,446	46,104
Fuel Mark-up	10,000	10,000	3,881	(6,119)
Other Revenues	-	-	4,625	4,625
Total Revenues	1,487,632	1,094,055	1,235,182	141,127
Expenditures:				
Fleet Maintenance	1,785,969	1,573,779	1,636,907	(63,128)
Total Expenditures	1,785,969	1,573,779	1,636,907	(63,128)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,337)	(479,724)	(401,725)	77,999
Other Financing Sources (Uses):				
Transfers In:				
General Fund	300,000	450,000	450,000	-
Sales of Capital Assets	-	-	5,400	5,400
Total Other Financing Sources (Uses)	300,000	450,000	455,400	5,400
Net Change in Fund Balances	1,663	(29,724)	53,675	83,399
Fund Balances, Beginning of Year	192,819	169,474	169,474	-
Fund Balances, End of Year	\$ 194,482	\$ 139,750	\$ 223,149	\$ 83,399

Fund Balances at December 31, 2016, is computed as follows:

Current Assets	\$ 408,060
Less: Current Liabilities	(332,362)
Add: Current Portion of Certificates of Participation	142,496
Add: Current Portion of Capital Leases Payable	4,955
Fund Balances - December 31, 2016	\$ 223,149

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis) \$ 53,675

**Adjustments to Reconcile Budgetary
Basis to GAAP Basis**

Principal Paid on Certificates of Participation	135,000
Principal Paid on Capital Lease Obligations	4,869
Capitalization of Capital Assets	11,180
Book Value of Capital Assets Disposed	(3,500)
Amortization of Premium and Gain on Advance Refunding of Debt	2,909
Depreciation	<u>(140,097)</u>

Total Adjustments 10,361

Change in Net Position (GAAP Basis) \$ 64,036

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town and to other government units, on a cost reimbursement basis.

Equipment Replacement Fund – This fund is used to account for the rental of certain vehicles and equipment to other departments for the accumulation of funds for future replacement.

TOWN OF AVON, COLORADO

EQUIPMENT REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Equipment Replacement Charges	\$ 589,967	\$ 589,967	\$ 589,967	\$ -
Other Revenues	143,598	574,391	646,190	71,799
Total Revenues	733,565	1,164,358	1,236,157	71,799
Expenditures:				
Capital Outlay:				
Fleet and Heavy Equipment	101,338	106,540	67,411	39,129
Recreation Center Equipment & Improvements	14,364	21,239	18,927	2,312
Computer and Office Equipment	116,599	90,560	92,679	(2,119)
Machinery and Equipment	7,368	31,000	28,836	2,164
Total Expenditures	239,669	249,339	207,853	41,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	493,896	915,019	1,028,304	113,285
Other Financing Sources (Uses):				
Sales of Capital Assets	15,000	26,000	49,900	23,900
Net Change in Fund Balances	508,896	941,019	1,078,204	137,185
Fund Balances, Beginning of Year	1,667,903	1,699,303	1,699,303	-
Fund Balances, End of Year	\$ 2,176,799	\$ 2,640,322	\$ 2,777,507	\$ 137,185

Fund Balances at December 31, 2016, is computed as follows:

Current Assets	\$ 2,777,507
Less: Current Liabilities	(115,106)
Add: Current Portion of Capital Leases Payable	115,106
Fund Balances - December 31, 2016	\$ 2,777,507

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 1,078,204</u>
Basis to GAAP Basis	
Capitalization of Capital Assets	194,261
Repayment of Outstanding Loans Receivable	(646,190)
Book Value of Capital Assets Disposed	(54,240)
Transfers In of Non-financial Resources	284,651
Depreciation	<u>(523,337)</u>
Total Adjustments	<u>(744,855)</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 333,349</u></u>

MISCELLANEOUS SCHEDULES

TOWN OF AVON, COLORADO

DEBT SCHEDULE DECEMBER 31, 2016

Purpose	Schedule of Indebtedness				Payments Due In 2017		
	Date Issued	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding	Principal	Interest
Revenue Bonds:							
Series 2013, Avon URA Tax Increment Revenue Bonds	11/27/13	3.52%	12/1/28	\$ 6,825,000	\$ 5,790,000	\$ 395,000	\$ 203,808
Total Revenue Bonds				<u>6,825,000</u>	<u>5,790,000</u>	<u>395,000</u>	<u>203,808</u>
Certificates of Participation:							
Series 2010, Certificates of Participation	11/16/10	2.00%-5.00%	12/1/30	6,680,000	5,165,000	280,000	225,788
Series 2014B, Certificates of Participation	1/14/15	3.03%	12/1/29	3,800,000	3,375,000	215,000	102,263
Series 2016, Certificates of Participation	8/2/16	2.00%-4.00%	12/1/35	6,300,000	6,300,000	205,000	243,325
Total Certificates of Participation				<u>16,780,000</u>	<u>14,840,000</u>	<u>700,000</u>	<u>571,376</u>
Capital Lease Obligations							
Master Lease-Purchase, US Bancorp	8/26/11	3.162%	8/26/18	563,811	173,912	85,592	4,828
Master Lease-Purchase, US Bancorp	3/15/12	2.19%	3/15/19	217,004	81,325	32,000	1,607
Master Lease-Purchase, Commerce Bank	8/27/13	1.77%	8/27/18	175,326	71,989	35,678	1,117
Master Lease-Purchase, US Bancorp	7/25/14	2.10%	7/15/21	170,246	124,117	23,797	2,482
Total Capital Lease Obligations				<u>1,126,387</u>	<u>451,343</u>	<u>177,067</u>	<u>10,034</u>
Total Long-term Debt				<u>\$ 24,731,387</u>	<u>\$ 21,081,343</u>	<u>\$ 1,272,067</u>	<u>\$ 785,218</u>

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Mayor and Town Council	\$ 210,907	\$ 191,202	\$ 207,490	\$ (16,288)
Boards and Commissions	15,299	15,299	12,454	2,845
Town Attorney	130,000	130,000	133,145	(3,145)
Town Clerk	135,636	129,403	135,048	(5,645)
Municipal Court	124,210	124,581	106,594	17,987
Town Manager	366,967	378,906	364,898	14,008
Community Relations	149,897	119,841	124,692	(4,851)
Subtotal General Government	1,132,916	1,089,232	1,084,321	4,911
Human Resources:				
Human Resources	411,819	429,436	416,018	13,418
Finance and Information Technology:				
Finance	812,834	816,552	802,661	13,891
Information Systems	384,847	399,254	380,891	18,363
Nondepartmental	398,813	423,195	420,079	3,116
Subtotal Finance and Administration	1,596,494	1,639,001	1,603,631	35,370
Total General Government, Finance and Administration	3,141,229	3,157,669	3,103,970	53,699
Community Development:				
Planning	317,767	241,933	215,001	26,932
Building Inspection	146,758	144,236	141,694	2,542
Economic Development	40,600	65,600	37,147	28,453
Town Produced Events	314,364	304,857	291,225	13,632
Signature Event Seed Funding	125,000	393,700	307,788	85,912
Community Grants	230,150	230,150	208,231	21,919
Total Community Development	1,174,639	1,380,476	1,201,086	179,390

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety: Police				
Administration	658,376	585,521	535,815	49,706
Patrol	2,331,166	2,361,127	2,332,791	28,336
Investigations	263,742	257,707	254,336	3,371
Total Public Safety	3,253,284	3,204,355	3,122,942	81,413
Public Works:				
Engineering	\$ 273,664	\$ 274,830	\$ 267,207	\$ 7,623
Buildings and Facilities	1,109,892	1,116,586	1,085,263	31,323
Roads and Bridges	1,612,864	1,485,528	1,400,312	85,216
Parks and Grounds	1,093,645	1,118,743	1,070,592	48,151
Total Public Works	4,090,065	3,995,687	3,823,374	172,313
Recreation:				
Administration	238,223	241,477	241,114	363
Adult Programs	58,827	51,792	50,914	878
Aquatics	427,447	444,495	441,428	3,067
Fitness	132,740	132,740	136,161	(3,421)
Front Desk	292,090	291,984	295,102	(3,118)
Youth Programs	132,411	132,201	128,558	3,643
Total Recreation	1,281,738	1,294,689	1,293,277	1,412
Contingency	100,000	99,000	-	99,000
TOTAL EXPENDITURES	\$ 13,040,955	\$ 13,131,876	\$ 12,544,649	\$ 587,227

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 1,746,101	\$ 1,746,101	\$ 1,740,308	\$ (5,793)
General Property Tax - Delinquent Collections	500	500	-	(500)
General Property Tax - Interest and Penalties	1,000	1,000	2,999	1,999
General Property Tax - Abatements	-	-	(1,000)	(1,000)
Specific Ownership Tax	120,000	120,000	119,483	(517)
Sales Tax	7,757,072	7,725,601	8,097,130	371,529
Utility Tax	110,000	110,000	102,643	(7,357)
Accommodations Tax	1,122,226	1,249,036	1,289,879	40,843
Penalties and Interest	25,000	25,000	30,487	5,487
Sales Tax Audit Assessments	5,000	5,000	122,764	117,764
VAA Retail Sales Fee	676,000	700,000	735,280	35,280
Franchise Fees	415,000	415,000	432,488	17,488
Total Taxes	11,977,899	12,097,238	12,672,461	575,223
Licenses and Permits:				
Liquor Licenses	7,000	7,000	8,234	1,234
Business Licenses	40,000	65,000	87,510	22,510
Contractor's Licenses	10,500	10,500	12,520	2,020
Building Permits	107,900	115,000	143,642	28,642
Road Cut Permits	8,000	8,000	7,615	(385)
Other Licenses and Permits	-	-	476	476
Mobile Vendor Cart Permits	600	600	-	(600)
Total Licenses and Permits	174,000	206,100	259,997	53,897
Intergovernmental:				
Federal:				
Click It or Ticket	8,000	8,000	8,360	360
Bullet Proof Vest Grant	2,475	2,475	2,320	(155)
State:				
LEAF Grant	22,000	26,376	31,422	5,046
High Visibility Grants	14,000	14,000	24,140	10,140
Other State Grants	-	20,000	33,048	13,048
Local Government/Other Agency				
Eagle County - Childcare	-	1,765	6,677	4,912
Eagle River Youth Coalition	-	8,500	570	(7,930)
State/County Shared Revenue:				
Conservation Trust	65,000	62,000	72,226	10,226
Motor Vehicle Registration	22,000	22,000	24,639	2,639
Highway User's Tax	183,000	193,000	193,388	388
Cigarette Tax	47,000	42,000	43,200	1,200
County Sales Tax	471,235	471,235	445,043	(26,192)
Road & Bridge Fund	153,000	132,220	128,078	(4,142)
State Severance Tax	3,000	1,000	1,030	30
Total Intergovernmental	990,710	1,004,571	1,014,141	9,570

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges for Services:				
General Government:				
Photocopying Charges	\$ 300	\$ 1,370	\$ 14	\$ (1,356)
License Hearing Fees	100	100	-	(100)
Other Fees and Charges	1,250	1,250	1,828	578
Credit Card and Paper Filing Fees	-	1,470	2,332	862
Plan Check Fees	58,100	95,000	104,641	9,641
Subdivision Review Fees	-	1,000	916	(84)
Design Review Fees	20,000	14,295	15,754	1,459
Animal Control Fees	500	500	590	90
Impact Fee Administrative Fees	2,500	750	832	82
Police Reports	600	600	713	113
Off-duty Police Employment	20,000	18,000	18,564	564
Fingerprinting Fees	4,500	4,500	5,547	1,047
VIN Inspection Fees	18,000	18,000	18,030	30
False Alarm Fees	1,000	500	240	(260)
National Night Out	1,200	4,000	1,430	(2,570)
DUI Reimbursement	22,092	29,750	19,063	(10,687)
Subtotal: General Government	150,142	191,085	190,494	(591)
Recreation Center:				
Admission Fees	751,500	836,000	901,307	65,307
Program Fees	27,257	36,027	46,582	10,555
Rentals	41,000	45,000	49,426	4,426
Merchandise Sales	8,500	8,500	8,598	98
Other Recreation Center Services	12,000	9,500	10,603	1,103
Fitness Program Revenues	53,500	53,500	50,159	(3,341)
Other Recreation:				
Adult Program Revenues	36,200	17,600	19,378	1,778
Cabin Equipment Rentals	2,000	13,500	17,542	4,042
Athletic Field Rentals	5,500	4,500	8,535	4,035
Cabin Concessions	200	200	-	(200)
Youth Program Revenues	128,550	125,000	149,700	24,700
Sponsorships	43,000	38,000	38,000	-
Event Fees	9,775	10,325	11,937	1,612
Special Event Admission Fees	41,139	40,287	41,035	748
Subtotal: Recreation	1,160,121	1,237,939	1,352,802	114,863
Total Charges for Services	1,310,263	1,429,024	1,543,296	114,272

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Forfeitures:				
Court Fines - Traffic	\$ 60,000	\$ 51,300	\$ 47,006	\$ (4,294)
Court Fines - Criminal	30,000	21,000	22,958	1,958
Court Fines - Parking	10,000	6,735	7,245	510
Court Costs	8,000	7,000	7,280	280
Jury Fees	150	100	-	(100)
Bond Forfeitures	500	100	250	150
Police Training Surcharge	8,250	6,210	6,275	65
Total Fines and Forfeitures	116,900	92,445	91,014	(1,431)
Investment Earnings	25,000	25,000	73,208	48,208
Miscellaneous Revenues:				
Recreational Amenity Fees	285,000	235,000	250,468	15,468
Bond Issuance Fee	9,800	9,800	10,696	896
Lease of Town-owned Property	40,000	40,000	46,662	6,662
Miscellaneous Nonclassified Revenues	30,100	40,600	99,507	58,907
Total Miscellaneous Revenues	364,900	325,400	407,333	81,933
TOTAL REVENUES	\$ 14,959,672	\$ 15,179,778	\$ 16,061,450	\$ 881,672

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TOWN OF AVON, COLORADO

SCHEDULE OF CAPITAL PROJECT FUND PROJECT EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2016

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Facilities:					
<i>General Government Facilities:</i>					
<i>New Town Hall:</i>					
Building Purchase	\$ -	\$ 1,504,751	\$ 1,504,751	\$ 1,500,925	\$ (3,826)
Tenant Finish Design	-	37,838	37,838	1,900,000	1,862,162
Floor Expansion Feasibility Study	-	10,082	10,082	10,500	418
Tenant Finish Construction	-	62,447	62,447	2,699,500	2,637,053
<i>Joint Public Safety Facility Project:</i>					
Design	69,606	263,130	332,736	450,000	117,264
Construction	-	2,586,599	2,586,599	6,020,855	3,434,256
<i>Transportation Facilities:</i>					
Fleet Maintenance Building Improvements	-	98,050	98,050	90,000	(8,050)
Transit Bus Shelters (4)	19,382	130,833	150,215	264,382	114,167
Transit Bus Stop - Traer Creek Plaza	4,490	52,943	57,433	60,000	2,567
Transit Bus Stop - Eaglebend / US Hwy 6	-	40,249	40,249	48,000	7,751
<i>Cultural and Recreational Facilities:</i>					
Recreation Center Slide Refurbishment	23,730	35,270	59,000	59,000	-
Nottingham Park Pavilion Retractable Doors	-	4,496	4,496	125,000	120,504
Land and Land Improvements:					
Nottingham Park Zone C Imp. - Playground	3,966	70,000	73,966	872,266	798,300
Nottingham Park Restroom Remodel	-	21,027	21,027	250,000	228,973
Eaglebend Affordable Housing Landscaping	-	28,050	28,050	28,050	-
Roads and Streets:					
<i>Streetscape Improvements:</i>					
Avon Rd. / I70 Overpass Pedestrian Safety Imp.	-	12,209	12,209	88,000	75,791
Avon Road Landscaping Project	438,130	(1,786)	436,344	485,000	48,656
Wayfinding Signage	-	24,145	24,145	45,000	20,855
<i>Street Maintenance and Repair:</i>					
Post Blvd. Settlement Repair	-	9,550	9,550	75,000	65,450
Wildwood Road Repair	-	7,834	7,834	75,000	67,166
Eaglebend Dr. and Nottingham Rd. Repaving	-	7,500	7,500	250,000	242,500

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Roads and Streets (Continued)					
<i>Street Improvements:</i>					
Metcalf Bike Lane - Phase 1	\$ 32,883	\$ 1,035,873	\$ 1,068,756	\$ 1,082,300	\$ 13,544
Walkability - East and West B/C Blvd.	1,254	85,738	86,992	2,705,000	2,618,008
2016 Safety Improvements	-	43,657	43,657	50,000	6,343
West B/C Blvd. RR Crossing Improvements	-	5,970	5,970	110,000	104,030
<i>Multi-Modal/Alternative Mobility:</i>					
Eagle Valley Trails Phase 3	32,589	2,341,526	2,374,115	2,460,000	85,885
Eagle Valley Trails Undergrounding Project	-	97,037	97,037	100,000	2,963
<i>Recreational Trails Program:</i>					
Soft and Hard Surface Trail Improvements	-	49,115	49,115	150,000	100,885
Water Fund Projects:					
Pumphouse Pump Replacement	-	129,796	129,796	150,000	20,204
Communication and Technology:					
Fullcourt	-	31,648	31,648	30,668	(980)
Timekeeping Software and Peripheral Devices	31,799	3,534	35,333	35,000	(333)
Other					
Historical Preservation	-	2,851	2,851	5,000	2,149
Total Capital Improvement Projects	\$ 657,829	\$ 8,831,962	\$ 9,489,791	\$ 22,274,446	\$ 12,784,655

LOCAL HIGHWAY FINANCE REPORT	City or County: Avon
	YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Valerie Barry Phone: 970-748-4044

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1826989.75
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	53898.6
2. General fund appropriations	1333750	b. Snow and ice removal	440293.05
3. Other local imposts (from page 2)	112848	c. Other	
4. Miscellaneous local receipts (from page 2)	1072089	d. Total (a. through c.)	494191.65
5. Transfers from toll facilities		4. General administration & miscellaneous	114529.44
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	295846.46
a. Bonds - Original Issues		6. Total (1 through 5)	2731557.3
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2518687	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	212870	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2731557	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2731557.3

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	7071847	0	724766	6347081
1. Bonds (Refunding Portion)				
B. Notes (Total)	0		0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2731557	2731557.3		-0.3

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	112,848	g. Other Misc. Receipts	
6. Total (1. through 5.)	112,848	h. Other Real Estate Xfer Tax	1,072,089
c. Total (a. + b.)	112,848	i. Total (a. through h.)	1,072,089
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	186860	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	26010	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26010	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	212870	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

CIP Expenditures	1,072,088.94	GF Expenditures	1,659,468.36
CIP Revenues	1,072,088.94	Specific Ownership	-112,847.66
		HUTF	-186,860.00
		Motor Veh Reg	-26,009.75
			<u>1,333,750.95</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This section of the Town of Avon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends (Pages 90-99) – These schedules contain trend information to help readers understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (Pages 100-103) – These schedules contain information to help readers understand and assess the factors affecting the Town's ability to generate its own-source revenues, specifically property taxes.

Debt Capacity (Pages 104-107) – These schedules present information to help readers understand and assess the Town's debt burden and ability to issue additional debt.

Demographic and Economic Information (Pages 108-110) – These schedules offer demographic and economic information to help readers understand the environment in which the Town's financial activities take place and to provide information that facilitates comparisons of financial statement information over time and among other local governments.

Operating Information (Pages 111-113) – These schedules contain service and infrastructure information to help readers understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF AVON, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 30,782,567	\$ 16,344,236	\$ 34,458,411	\$ 35,651,654
Restricted For:				
Emergencies	618,739	566,949	470,037	503,650
Debt Service	151,575	4,962,675	1,258,256	1,055,410
Capital Improvements	-	14,762,243	-	3,000,722
Purposes of Grantors	-	-	-	-
Unrestricted	18,905,443	17,245,855	16,488,477	15,935,700
Total Governmental Activities Net Position	<u>\$ 50,458,324</u>	<u>\$ 53,881,958</u>	<u>\$ 52,675,181</u>	<u>\$ 56,147,136</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 2,651,190	\$ 2,855,688	\$ 2,729,412	\$ 2,154,069
Unrestricted	883,782	1,057,813	1,147,965	1,219,055
Total Business-type Activities Net Position	<u>\$ 3,534,972</u>	<u>\$ 3,913,501</u>	<u>\$ 3,877,377</u>	<u>\$ 3,373,124</u>
Primary Government				
Net Investment in Capital Assets	\$ 33,433,757	\$ 19,199,924	\$ 37,187,823	\$ 37,805,723
Restricted	770,314	20,291,867	1,728,293	4,559,782
Unrestricted	19,789,225	18,303,668	17,636,442	17,154,755
Total Primary Government Net Position	<u>\$ 53,993,296</u>	<u>\$ 57,795,459</u>	<u>\$ 56,552,558</u>	<u>\$ 59,520,260</u>

Source: Town of Avon Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 34,738,700	\$ 36,904,217	\$ 34,774,531	\$ 64,112,399	\$ 60,000,945	\$ 58,088,785
447,963	428,947	476,619	598,376	552,335	664,805
1,047,077	1,015,589	1,139,575	1,136,228	1,157,629	1,169,163
2,972,175	2,530,266	4,635,904	3,386,451	6,198,817	5,921,087
2,967,954	2,454,968	2,374,222	1,234,605	1,510,676	697,267
<u>14,345,936</u>	<u>13,544,676</u>	<u>10,217,136</u>	<u>10,466,381</u>	<u>11,283,921</u>	<u>16,341,288</u>
<u>\$ 56,519,805</u>	<u>\$ 56,878,663</u>	<u>\$ 53,617,987</u>	<u>\$ 80,934,440</u>	<u>\$ 80,704,323</u>	<u>\$ 82,882,395</u>
\$ 1,815,425	\$ 1,761,245	\$ 12,583,125	\$ 12,097,298	\$ 11,633,282	\$ 11,430,538
<u>1,256,004</u>	<u>943,960</u>	<u>783,529</u>	<u>843,503</u>	<u>859,368</u>	<u>908,749</u>
<u>\$ 3,071,429</u>	<u>\$ 2,705,205</u>	<u>\$ 13,366,654</u>	<u>\$ 12,940,801</u>	<u>\$ 12,492,650</u>	<u>\$ 12,339,287</u>
\$ 36,554,125	\$ 38,665,462	\$ 47,357,656	\$ 76,209,697	\$ 71,634,227	\$ 69,519,323
7,435,169	6,429,770	8,626,320	6,355,660	9,419,457	8,452,322
<u>15,601,940</u>	<u>14,488,636</u>	<u>11,000,665</u>	<u>11,309,884</u>	<u>12,143,289</u>	<u>17,250,037</u>
<u>\$ 59,591,234</u>	<u>\$ 59,583,868</u>	<u>\$ 66,984,641</u>	<u>\$ 93,875,241</u>	<u>\$ 93,196,973</u>	<u>\$ 95,221,682</u>

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities:				
General Government	\$ 2,936,738	\$ 3,082,524	\$ 2,431,143	\$ 2,832,514
Community Development	1,132,260	2,212,996	1,286,956	644,968
Public Safety	2,157,400	4,458,553	2,608,604	2,409,115
Public Works and Utilities	4,958,488	5,024,946	6,302,284	5,948,003
Recreation and Culture	2,604,528	2,572,347	2,752,142	2,437,556
Interest and Fiscal Charges on Long-term Debt	495,734	1,225,348	1,195,981	637,344
Total Governmental Activity Expenses	14,285,148	18,576,714	16,577,110	14,909,500
Business-type Activities:				
Transportation	2,321,139	2,224,427	1,485,763	1,175,818
Fleet Maintenance	2,362,400	2,424,791	2,325,339	2,076,364
Total Business-type Activity Expenses	4,683,539	4,649,218	3,811,102	3,252,182
Total Primary Government Expenses	\$ 18,968,687	\$ 23,225,932	\$ 20,388,212	\$ 18,161,682
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 125,832	\$ 194,938	\$ 164,061	\$ 59,768
Community Development	691,131	325,992	143,826	216,263
Public Safety	230,024	223,056	221,262	376,440
Public Works and Utilities	1,254,259	1,096,172	504,403	407,391
Recreation and Culture	1,450,420	1,408,587	1,272,902	1,207,964
Operating Grants and Contributions	74,078	21,573	59,857	51,048
Capital Grants and Contributions	2,301,778	3,458,199	269,853	1,855,346
Total Governmental Activity Program Revenues	6,127,522	6,728,517	2,636,164	4,174,220
Business-type Activities:				
Charges for Services	3,313,517	3,084,123	2,437,178	2,081,674
Capital Grants and Contributions	684,349	310,624	-	-
Total Business-type Activity Program Revenues	3,997,866	3,394,747	2,437,178	2,081,674
Total Primary Government Program Revenues	\$ 10,125,388	\$ 10,123,264	\$ 5,073,342	\$ 6,255,894
Net (Expense) Revenue				
Governmental Activities	\$ (8,157,626)	\$ (11,848,197)	\$ (13,940,946)	\$ (10,735,280)
Business-type Activities	(685,673)	(1,254,471)	(1,373,924)	(1,170,508)
Total Primary Government Net Expense	\$ (8,843,299)	\$ (13,102,668)	\$ (15,314,870)	\$ (11,905,788)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 3,539,636	\$ 3,400,499	\$ 2,836,303	\$ 3,186,870	\$ 3,042,126	\$ 3,291,190
519,631	421,554	365,960	463,821	1,341,706	1,202,097
2,569,100	2,554,404	2,551,559	2,792,174	3,039,333	3,214,680
5,821,879	5,479,239	4,814,364	7,179,132	8,458,218	9,656,808
2,276,473	2,737,458	3,851,812	2,061,033	1,430,648	1,584,531
575,100	516,160	600,367	504,343	639,267	754,238
<u>15,301,819</u>	<u>15,109,314</u>	<u>15,020,365</u>	<u>16,187,373</u>	<u>17,951,298</u>	<u>19,703,544</u>
1,123,640	1,083,097	1,193,289	1,686,778	1,979,505	1,963,223
1,618,698	1,382,954	1,608,295	1,609,134	1,506,138	1,623,046
<u>2,742,338</u>	<u>2,466,051</u>	<u>2,801,584</u>	<u>3,295,912</u>	<u>3,485,643</u>	<u>3,586,269</u>
<u>\$ 18,044,157</u>	<u>\$ 17,575,365</u>	<u>\$ 17,821,949</u>	<u>\$ 19,483,285</u>	<u>\$ 21,436,941</u>	<u>\$ 23,289,813</u>
\$ 259,609	\$ 183,969	\$ 135,448	\$ 163,429	\$ 219,364	\$ 239,199
230,570	225,778	485,406	279,179	380,130	369,867
248,442	52,649	54,205	66,662	69,629	99,862
524,047	278,662	256,749	564,090	764,549	698,195
1,208,130	1,116,947	1,064,314	1,092,276	1,238,395	1,334,056
59,329	39,607	39,217	52,151	11,713	104,217
247,368	1,715,337	7,823,132	1,027,911	61,779	1,816,456
<u>2,777,495</u>	<u>3,612,949</u>	<u>9,858,471</u>	<u>3,245,698</u>	<u>2,745,559</u>	<u>4,661,852</u>
1,520,018	1,135,929	1,450,388	1,645,083	1,670,213	420,357
-	305,351	90,494	-	-	1,237,082
<u>1,520,018</u>	<u>1,441,280</u>	<u>1,540,882</u>	<u>1,645,083</u>	<u>1,670,213</u>	<u>1,657,439</u>
<u>\$ 4,297,513</u>	<u>\$ 5,054,229</u>	<u>\$ 11,399,353</u>	<u>\$ 4,890,781</u>	<u>\$ 4,415,772</u>	<u>\$ 6,319,291</u>
\$ (12,524,324)	\$ (11,496,365)	\$ (5,161,894)	\$ (12,941,675)	\$ (15,205,739)	\$ (15,041,692)
(1,222,320)	(1,024,771)	(1,260,702)	(1,650,829)	(1,815,430)	(1,928,830)
<u>\$ (13,746,644)</u>	<u>\$ (12,521,136)</u>	<u>\$ (6,422,596)</u>	<u>\$ (14,592,504)</u>	<u>\$ (17,021,169)</u>	<u>\$ (16,970,522)</u>

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 2,766,725	\$ 3,340,475	\$ 3,640,183	\$ 4,195,297
Real Estate Transfer Taxes	2,540,943	3,093,021	1,761,980	2,159,525
Sales and Accommodation Taxes	6,518,299	6,841,114	5,651,085	5,748,325
Other Taxes	656,702	710,624	1,334,692	1,268,120
Unrestricted Investment Earnings	1,356,013	1,496,801	246,225	163,991
Loss on Disposal of Capital Assets	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	1,080,075	890,750	872,084	854,130
Miscellaneous	1,745,046	532,046	522,920	442,522
Capital Contributions	-	-	-	907,500
Transfers	(1,475,000)	(1,633,000)	(1,295,000)	(1,532,175)
Total Governmental Activities	15,188,803	15,271,831	12,734,169	14,207,235
Business-type Activities:				
Property Taxes	-	-	42,800	41,580
Capital Contributions	-	-	-	(907,500)
Loss on Disposal of Capital Assets	-	-	-	-
Transfers	1,475,000	1,633,000	1,295,000	1,532,175
Total Business-type Activities	1,475,000	1,633,000	1,337,800	666,255
Total Primary Government	\$ 16,663,803	\$ 16,904,831	\$ 14,071,969	\$ 14,873,490
Change in Net Position				
Governmental Activities	\$ 7,031,177	\$ 3,423,634	\$ (1,206,777)	\$ 3,471,955
Business-type Activities	789,327	378,529	(36,124)	(504,253)
Total Primary Government	\$ 7,820,504	\$ 3,802,163	\$ (1,242,901)	\$ 2,967,702

Source: Town of Avon Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 3,672,307	\$ 3,027,319	\$ 3,039,132	\$ 2,873,055	\$ 2,904,509	\$ 3,315,020
1,616,982	1,707,648	1,574,502	3,764,526	2,369,314	3,497,602
6,190,839	6,340,557	7,249,935	8,089,010	8,754,673	9,540,260
1,323,246	499,114	625,756	1,197,603	1,208,352	1,389,896
87,099	37,827	21,296	45,844	53,161	139,665
-	(30,857)	-	-	-	-
857,474	839,112	864,231	883,884	482,769	513,912
372,222	344,503	408,142	500,925	529,843	558,618
-	-	(10,955,776)	24,063,281	-	(150,215)
<u>(950,000)</u>	<u>(910,000)</u>	<u>(926,000)</u>	<u>(1,160,000)</u>	<u>(1,326,999)</u>	<u>(1,584,994)</u>
<u>13,170,169</u>	<u>11,855,223</u>	<u>1,901,218</u>	<u>40,258,128</u>	<u>14,975,622</u>	<u>17,219,764</u>
40,371	40,032	40,375	40,079	40,280	40,258
-	-	10,955,776	24,897	-	150,215
-	(291,485)	-	-	-	-
<u>950,000</u>	<u>910,000</u>	<u>926,000</u>	<u>1,160,000</u>	<u>1,326,999</u>	<u>1,584,994</u>
<u>990,371</u>	<u>658,547</u>	<u>11,922,151</u>	<u>1,224,976</u>	<u>1,367,279</u>	<u>1,775,467</u>
<u>\$ 14,160,540</u>	<u>\$ 12,513,770</u>	<u>\$ 13,823,369</u>	<u>\$ 41,483,104</u>	<u>\$ 16,342,901</u>	<u>\$ 18,995,231</u>
\$ 645,845	\$ 358,858	\$ (3,260,676)	\$ 27,316,453	\$ (230,117)	\$ 2,178,072
<u>(231,949)</u>	<u>(366,224)</u>	<u>10,661,449</u>	<u>(425,853)</u>	<u>(448,151)</u>	<u>(153,363)</u>
<u>\$ 413,896</u>	<u>\$ (7,366)</u>	<u>\$ 7,400,773</u>	<u>\$ 26,890,600</u>	<u>\$ (678,268)</u>	<u>\$ 2,024,709</u>

TOWN OF AVON, COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 12,482,669	\$ 13,985,234	\$ 11,710,148	\$ 12,728,883
Licenses and Permits	419,292	245,793	124,130	215,635
Intergovernmental	3,455,931	1,178,614	1,201,794	2,760,524
Charges for Services	3,244,484	2,584,856	1,706,803	1,474,968
Fines and Forfeitures	84,290	131,525	129,530	147,057
Investment Earnings	1,356,013	1,496,801	246,225	163,991
Other Revenues	1,750,580	498,973	469,688	442,522
Total Revenues	22,793,259	20,121,796	15,588,318	17,933,580
Expenditures				
Current:				
General Government and Housing	2,871,963	3,038,856	3,138,391	2,560,405
Community Development	902,634	823,902	697,820	598,692
Public Safety	2,203,803	2,628,330	2,511,717	2,354,235
Public Works and Utilities	3,424,566	3,725,749	3,660,540	3,224,695
Recreation and Culture	2,483,910	2,579,779	2,375,945	2,144,447
Capital Improvements	7,786,590	9,979,969	2,746,286	5,554,096
Debt Service:				
Principal	1,348,750	1,407,500	26,416,250	1,495,000
Interest	448,474	1,048,416	824,535	543,331
Fiscal Charges	33,074	157,722	57,315	70,657
Bond Issuance Costs	-	280,734	160,000	77,695
Total Expenditures	21,503,764	25,670,957	42,588,799	18,623,253
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,289,495	(5,549,161)	(27,000,481)	(689,673)
Other Financing Sources (Uses)				
Transfers In	927,637	1,337,667	1,810,032	1,945,004
Transfers Out	(2,402,637)	(2,970,667)	(3,105,032)	(3,477,179)
Debt Issuance Proceeds	170,156	25,000,000	7,200,000	3,310,000
Premium on Debt Issued	-	-	-	-
Payments to Escrow Agent	-	-	-	(92,067)
Sales of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	(1,304,844)	23,367,000	5,905,000	1,685,758
Net Change in Fund Balances	\$ (15,349)	\$ 17,817,839	\$ (21,095,481)	\$ 996,085
Debt Service as a Percentage of Noncapital Expenditures	12.56%	13.41%	66.88%	# 14.76%

Source: Town of Avon Finance Department

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 12,083,403	\$ 11,574,638	\$ 12,489,325	\$ 15,924,194	\$ 15,236,848	\$ 17,742,776
219,265	207,670	336,548	210,636	335,741	259,997
1,164,171	2,594,056	8,324,980	1,963,946	989,546	2,868,277
1,593,303	1,473,552	1,556,262	1,757,625	1,682,724	1,772,510
197,103	151,533	104,736	131,513	129,356	91,014
87,099	37,827	21,296	45,827	53,158	139,665
368,568	380,647	531,738	503,354	532,353	651,603
<u>15,712,912</u>	<u>16,419,923</u>	<u>23,364,885</u>	<u>20,537,095</u>	<u>18,959,726</u>	<u>23,525,842</u>
3,411,329	3,088,911	2,762,979	3,084,616	2,916,095	3,119,007
519,268	421,133	369,158	456,063	1,348,166	1,201,086
2,516,612	2,551,488	2,539,475	2,726,711	3,007,164	3,122,942
3,429,238	3,192,763	1,911,225	3,799,489	4,080,272	5,067,825
2,054,477	2,148,410	3,328,177	1,654,078	1,147,149	1,293,277
1,023,914	4,087,083	11,837,101	7,927,709	3,284,852	8,864,565
1,195,000	1,240,000	7,300,000	1,491,042	1,264,966	1,382,506
526,288	470,455	423,487	453,883	503,269	473,674
56,614	43,622	39,145	51,007	41,289	54,071
-	-	133,330	-	80,569	147,270
<u>14,732,740</u>	<u>17,243,865</u>	<u>30,644,077</u>	<u>21,644,598</u>	<u>17,673,791</u>	<u>24,726,223</u>
980,172	(823,942)	(7,279,192)	(1,107,503)	1,285,935	(1,200,381)
1,090,335	1,591,071	2,081,160	4,888,511	4,361,441	2,819,319
(2,040,335)	(2,501,071)	(3,007,160)	(6,048,511)	(5,138,440)	(4,404,313)
-	-	6,851,367	-	3,800,000	6,300,000
-	-	-	-	-	302,205
-	-	-	-	-	-
-	-	1,151	-	-	-
<u>(950,000)</u>	<u>(910,000)</u>	<u>5,926,518</u>	<u>(1,160,000)</u>	<u>3,023,001</u>	<u>5,017,211</u>
<u>\$ 30,172</u>	<u>\$ (1,733,942)</u>	<u>\$ (1,352,674)</u>	<u>\$ (2,267,503)</u>	<u>\$ 4,308,936</u>	<u>\$ 3,816,830</u>
12.39%	12.60%	39.77%	12.95%	11.37%	10.95%

TOWN OF AVON, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ 7,710	\$ -
Restricted	618,739	566,949	470,037	503,650	447,963
Assigned	-	-	-	-	413,251
Unassigned	6,676,687	5,835,283	3,959,093	3,581,941	3,329,981
Total General Fund	7,295,426	6,402,232	4,429,130	4,093,301	4,191,195
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	3,201,845	22,779,562	3,933,265	6,930,731	6,987,206
Committed	6,693,875	5,701,165	5,539,422	3,968,735	4,100,746
Assigned	1,151,917	1,275,830	1,218,920	1,066,626	810,418
Unassigned	(2,113)	-	(57,429)	-	-
Total All Other Governmental Funds	\$ 11,045,524	\$ 29,756,557	\$ 10,634,178	\$ 11,966,092	\$ 11,898,370

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ -	\$ 7,442	\$ -	\$ 13,061	\$ 86,136
Restricted	428,947	476,619	598,376	552,335	664,805
Assigned	413,251	413,251	325,000	47,878	-
Unassigned	3,134,327	4,369,187	3,540,922	5,046,651	5,312,950
Total General Fund	3,976,525	5,266,499	4,464,298	5,659,925	6,063,891
All Other Governmental Funds					
Nonspendable	-	-	270	-	-
Restricted	6,045,396	2,803,943	2,370,833	2,668,305	7,787,517
Committed	3,656,294	3,624,653	3,386,451	6,198,817	4,493,621
Assigned	680,408	1,307,854	513,594	517,335	516,183
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ 10,382,098	\$ 7,736,450	\$ 6,271,148	\$ 9,384,457	\$ 12,797,321

Source: Town of Avon Finance Department

Notes:

(1) Fiscal years 2006 through 2010 have been reclassified with implementation of GASB Statement No. 54 in fiscal year 2011.

TOWN OF AVON, COLORADO

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Year	Property Tax				Sales Tax
	General	Specific Ownership	Penalties, Interest & Abatements	Delinquent Taxes	
2007	\$ 2,762,486	\$ 171,976	\$ 4,126	\$ 113	\$ 6,083,115
2008	3,335,594	160,180	4,766	115	6,311,439
2009	3,608,547	132,059	12,663	18,973	5,104,620
2010	4,187,345	117,354	6,566	1,387	5,120,543
2011	3,689,677	93,596	(42,784)	25,414	5,461,559
2012	2,953,002	92,105	1,805	(19,593)	5,607,160
2013	2,935,986	96,850	5,421	875	6,492,756
2014	2,824,449	112,848	(64,246)	6	7,777,302
2015	2,783,905	113,308	7,124	172	8,320,021
2016	3,310,530	119,483	4,491	-	8,985,661

Year	Utility Tax	Franchise Tax	Accommodations Tax	Real Estate Transfer Tax	Total
2007	\$ 121,462	\$ 343,528	\$ 454,920	\$ 2,540,943	\$ 12,482,669
2008	153,842	396,602	529,675	3,093,021	13,985,234
2009	129,118	371,192	570,996	1,761,980	11,710,148
2010	146,852	361,530	627,782	2,159,525	12,728,883
2011	125,155	367,778	746,026	1,616,982	12,083,403
2012	127,060	372,054	733,397	1,707,648	11,574,638
2013	110,474	383,594	888,867	1,574,502	12,489,325
2014	109,441	404,328	995,540	3,764,526	15,924,194
2015	106,786	403,642	1,132,576	2,369,314	15,236,848
2016	102,643	432,488	1,289,879	3,497,602	17,742,776

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Levy Year	Collection Year	Vacant Land	Residential Property	Commercial Property	Other Property	Total Gross Assessed Value
2006	2007	\$ 22,385,870	\$ 74,772,170	\$ 72,119,390	\$ 2,018,740	\$ 171,296,170
2007	2008	25,836,770	110,306,220	88,205,160	2,153,460	226,501,610
2008	2009	22,764,190	120,861,970	90,753,760	2,030,920	236,410,840
2009	2010	23,830,510	138,215,140	98,306,000	3,079,680	263,431,330
2010	2011	23,241,510	138,877,350	97,287,710	3,127,070	262,533,640
2011	2012	17,238,450	101,871,140	73,141,140	3,361,120	195,611,850
2012	2013	15,456,680	102,328,980	71,704,020	3,441,730	192,931,410
2013	2014	16,403,340	90,703,150	67,157,140	4,576,530	178,840,160
2014	2015	15,183,630	92,056,060	66,419,690	4,280,110	177,939,490
2015	2016	14,261,780	121,724,600	70,940,420	3,929,820	211,061,910

Levy Year	Collection Year	Less TIF District Increment (1)	Total Net Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2006	2007	\$ -	\$ 171,296,170	13.287	\$ 1,232,738,120	13.90%
2007	2008	2,257,820	224,243,790	12.271	1,746,859,870	12.97%
2008	2009	10,266,600	226,144,240	11.392	1,880,466,430	12.57%
2009	2010	17,517,540	245,913,790	11.208	2,125,079,840	12.40%
2010	2011	17,481,590	245,052,050	11.220	2,127,634,050	12.34%
2011	2012	12,538,960	183,072,890	12.072	1,566,445,080	12.49%
2012	2013	12,511,160	180,420,250	11.983	1,564,516,920	12.33%
2013	2014	12,105,380	166,734,780	12.258	1,406,594,920	12.71%
2014	2015	11,501,900	166,437,590	12.207	1,417,405,720	12.55%
2015	2016	16,476,380	194,585,530	11.765	1,806,178,690	11.69%

Source: Eagle County Assessor's Office, Abstract of Assessments

Notes: Property tax rates are stated in mills per \$1,000 of assessed valuation. Other property includes state assessed, agricultural, and abatements and corrections.

(1) The Avon Urban Renewal Authority was established in August, 2007.

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Taxing Entity	Collection Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Town of Avon										
General Operating	8.956	8.956	8.956	8.956	8.956	8.956	8.956	8.956	8.956	8.956
General Obligation Debt Service	4.331	3.315	2.436	2.252	2.264	3.116	3.027	3.302	3.251	2.809
Total Direct	13.287	12.271	11.392	11.208	11.220	12.072	11.983	12.258	12.207	11.765
Eagle County										
8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499
Colleges and School Districts										
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997
Eagle County School District RE-50J	23.050	20.051	20.414	19.402	19.474	21.601	21.362	20.826	21.517	20.331
Metropolitan Districts										
Avon Metropolitan District	3.281	3.281	2.705	2.535	0.000	0.000	0.000	0.000	0.000	0.000
Avon Station Metropolitan District	45.000	45.000	45.000	45.000	45.000	58.000	58.000	58.000	58.000	58.000
Confluence Metropolitan District	45.000	45.000	45.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mountain Vista Metropolitan District	33.000	33.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Village Metropolitan District	15.000	15.000	15.000	15.000	40.000	50.000	50.000	50.000	50.000	50.000
Other Special Districts										
Avon General Improvement District No. 1	0.000	0.000	9.396	9.396	9.396	15.288	15.288	17.557	17.557	14.077
Eagle River Fire Protection District	3.800	5.550	5.550	5.550	5.550	5.650	7.553	9.238	9.392	8.205
Eagle Valley Library District	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750
Eagle River Water and Sanitation District	1.111	0.826	0.826	0.795	0.796	0.932	0.931	0.946	0.954	1.375
Colorado River Water Conservancy District	0.221	0.191	0.199	0.166	0.188	0.228	0.242	0.254	0.253	0.243
Eagle County Health Services District	2.006	2.019	2.055	1.780	1.768	1.764	2.023	2.006	2.019	2.008

Source: Eagle County Assessor's Office, Abstract of Assessment

Notes: Property tax rates are stated in mills per \$1,000 of assessed valuation. The Town's general operating mill rate may be increased only by a majority approval of the Town's residents during a general election. Rates for debt service are set based on each year's debt service requirements.

TOWN OF AVON, COLORADO

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value
CSB Properties Holdings LLC	\$ 9,554,910	1	4.52%			
Traer Creek-WMT LLC	6,121,680	2	2.90%	\$ 7,508,370	1	4.38%
Traer Creek-HD LLC	4,147,000	3	1.96%	5,382,540	4	3.14%
Beaver Creek Vacation Ownership Plan	3,489,410	4	1.65%			
Avon Wynfield LLC	2,685,690	5	1.27%	2,957,460	8	1.73%
Riverfront Village Hotel, LLC	2,676,550	6	1.27%	3,022,540	6	1.76%
Points of Colorado - Time Share	2,658,790	7	1.26%	6,667,680	2	3.89%
Prime Group Mountain Center LLC	2,555,860	8	1.21%			
Dillon Real Estate Co, Inc	2,353,580	9	1.11%			
Public Service Co. of Colorado (Xcel)	2,052,620	10	0.97%			
Mountain Vista Condominium Assoc Inc.	2,029,210	11	0.96%			
Riverfront Mtn Villas Condo Assoc Inc.	1,950,430	12	0.92%			
Avon Partners II, LLC	1,838,610	13	0.87%	2,744,540	10	1.60%
Traer Creek Plaza LLC	1,566,860	14	0.74%			
Traer Creek-RP LLC	1,546,490	15	0.73%			
Traer Creek-L2 LLC				6,051,120	3	3.53%
Chapel Square Ventures LP				5,344,790	5	3.12%
ARI Mountain Center LLC				2,963,800	7	1.73%
East Avon-Hudson LLC				2,832,410	9	1.65%
Total Assessed Value of the Fifteen Largest Taxpayers	47,227,690		22.36%	45,475,250		26.55%
Total Gross Assessed Value of Other Taxpayers	163,976,760		77.64%	125,820,920		73.45%
Total Gross Assessed Value of All Taxpayers	\$ 211,204,450		100.00%	\$ 171,296,170		100.00%

Source: Eagle County Assessor's Office

TOWN OF AVON, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Levy Year	Collection Year	(1) Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	(2) Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
2006	2007	\$ 2,763,603	\$ 2,762,486	99.96%	\$ 114	\$ 2,762,600	99.96%
2007	2008	3,243,214	3,205,612	98.84%	115	3,205,727	98.84%
2008	2009	3,110,763	3,060,762	98.39%	21,861	3,082,623	99.10%
2009	2010	3,285,710	3,208,908	97.66%	1,387	3,210,295	97.70%
2010	2011	2,789,855	2,704,440	96.94%	4,970	2,709,409	97.12%
2011	2012	2,250,055	2,209,593	98.20%	(19,296)	2,190,298	97.34%
2012	2013	2,202,287	2,160,634	98.11%	875	2,161,509	98.15%
2013	2014	2,083,835	2,042,508	98.02%	6	2,042,514	98.02%
2014	2015	2,071,895	2,029,571	97.96%	172	2,029,743	97.97%
2015	2016	2,329,489	2,286,146	98.14%	-	2,286,146	98.14%

Source: Town of Avon Finance Department

Notes: (1) Taxes are due and payable on January 1 based on the prior year's assessed valuation.

(2) Information on outstanding delinquent taxes is not available.

TOWN OF AVON, COLORADO

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Certificates of Participation	Loans	Capital Leases
2007	\$ 5,523,818	\$ -	\$ 2,770,000	\$ 1,166,250	\$ -	\$ 820,870
2008	4,546,752	-	27,420,000	1,083,750	-	665,176
2009	3,714,230	-	2,050,000	997,500	7,075,000	503,368
2010	2,842,835	-	1,670,000	3,310,000	6,825,000	335,205
2011	2,411,440	-	1,275,000	3,195,000	6,565,000	420,063
2012	1,960,045	-	870,000	3,075,000	6,295,000	476,227
2013	1,498,650	-	7,270,000	2,950,000	-	516,378
2014	1,017,255	-	6,520,000	2,825,000	-	547,990
2015	520,860	-	6,200,000	6,280,000	-	438,024
2016	-	-	5,790,000	12,235,000	-	325,518

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Capital Leases			
2007	\$ 3,498,750	\$ 44,243	\$ 13,823,931	0.52%	\$ 2,022
2008	3,251,250	32,822	36,999,750	1.39%	5,348
2009	2,992,500	20,954	17,353,553	0.69%	2,582
2010	3,419,606	8,621	18,411,267	0.73%	2,856
2011	3,302,110	377,753	17,546,366	0.70%	2,477
2012	3,174,614	326,774	16,177,660	0.64%	2,533
2013	3,047,119	303,251	15,585,398	0.62%	2,440
2014	2,914,623	244,259	14,069,127	0.56%	2,195
2015	2,777,127	185,937	16,401,948	0.65%	2,534
2016	2,605,000	125,825	21,081,343	0.84%	3,241

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2016

Government Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Confluence Metropolitan District	\$ 22,475,000	100.00%	\$ 22,475,000
Eagle County School District RE-50J	130,840,000	7.50%	9,810,929
Eagle River Fire Protection District	23,450,000	20.88%	4,896,984
Other Debt			
Eagle County	17,225,000	7.50%	1,291,602
Traer Creek Metropolitan District	37,675,000	100.00%	<u>37,675,000</u>
Subtotal - Overlapping debt			76,149,516
Town of Avon Direct Debt			<u>18,350,518</u>
Total Direct and Overlapping Debt			<u><u>\$ 94,500,034</u></u>

Source: Various Governmental Entities, Eagle County Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Avon. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

^a The basic approach to estimating the applicable percentage of overlapping debt was to divide the assessed value of the portion overlapping the Town to the total assessed value of the overlapping entity.

TOWN OF AVON, COLORADO

RATIO OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
General Bonded Debt Outstanding General Obligation Bonds	\$ 4,151,798	\$ 3,601,127	\$ 3,215,000	\$ 2,805,000
Actual Taxable Property Value	1,232,738,120	1,746,859,870	1,880,466,430	2,125,079,840
Net Assessed Value	171,296,170	224,243,790	226,144,240	245,913,790
Percentage of General Bonded Debt Outstanding to Actual Taxable Property Value	0.34%	0.21%	0.17%	0.13%
Town of Avon Population	6,838	6,919	6,720	6,447
Per Capita	\$ 607	\$ 520	\$ 478	\$ 435
Legal Debt Limit	\$ 42,824,043	\$ 56,060,948	\$ 56,536,060	\$ 61,478,448
Total Debt Applicable to Limit	(4,151,798)	(3,601,127)	(3,215,000)	(2,805,000)
Legal Debt Margin	\$ 38,672,245	\$ 52,459,821	\$ 53,321,060	\$ 58,673,448
Total Debt Applicable to the Limit as a Percentage of Legal Debt Limit	9.70%	6.42%	5.69%	4.56%

Source: Eagle County Assessor's Office, State of Colorado Division of Local Governments

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 2,380,000	\$ 2,380,000	\$ 1,480,000	\$ 1,005,000	\$ 515,000	\$ -	
2,127,634,050	1,566,445,080	1,564,516,920	1,406,594,920	1,417,405,720	1,806,178,690	
245,052,050	183,072,890	180,420,250	166,734,780	166,437,590	194,585,530	
0.11%	0.15%	0.09%	0.07%	0.04%	0.00%	
7,085	6,393	6,388	6,410	6,472	6,505	
\$ 336	\$ 372	\$ 232	\$ 157	\$ 80	\$ -	
<hr/>						
\$ 61,263,013	\$ 45,768,223	\$ 45,105,062	\$ 41,683,695	\$ 41,609,398	\$ 48,646,382	
(2,380,000)	(2,380,000)	(1,480,000)	(1,005,000)	(515,000)	-	
\$ 58,883,013	\$ 43,388,223	\$ 43,625,062	\$ 40,678,695	\$ 41,094,398	\$ 48,646,382	
3.88%	5.20%	3.28%	2.41%	1.24%	0.00%	

TOWN OF AVON, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Town of Avon Population	Eagle County Population	Eagle County Personal Income (In \$1,000's)	Eagle County Per Capita Personal Income	Eagle County Median Age	Eagle County RE-50J School Enrollment	Denver / Boulder Consumer Price Index	Eagle County Unemployment Rate
2007	6,838	52,517	\$ 2,676,538	\$ 47,511	35.20	5,405	202.0	3.10%
2008	6,919	53,898	2,740,563	49,635	35.70	5,445	209.9	3.60%
2009	6,720	55,269	2,511,100	45,430	36.30	6,249	208.5	7.30%
2010	6,447	52,197	2,533,900	44,709	36.60	6,181	212.4	8.80%
2011	7,085	54,212	2,521,062	48,618	36.30	6,344	220.3	8.70%
2012	6,393	51,874	2,515,096	48,485	35.20	6,244	224.6	8.20%
2013	6,388	53,811	2,005,000	48,750	36.00	6,549	230.8	5.20%
2014	6,410	52,460	2,644,828	50,416	36.20	6,713	237.2	4.75%
2015	6,472	53,605	3,065,540	57,927	36.50	6,546	240.0	2.10%
2016	6,505	53,989	3,297,869	61,522	36.70	6,901	246.6	2.81%

N/A - Information not available.

Information was compiled by the Demographic Section of the Colorado Division of Local Government, Bureau of Labor Statistics and U.S. Census Bureau. School Enrollment was obtained by Eagle County School District Administration Office based on June Enrollment. Per Capita Personal Income obtained from Bureau of Economic Analysis, Regional Economic Accounts.

TOWN OF AVON, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2016		2007	
	Employees	Rank	Employees	Rank
Wal-Mart	276	1	204	2
Westin Riverfront Resort & Spa	263	2		
Home Depot	232	3	262	1
Maya, Mexican Kitchen	138	4		
City Market	128	5	147	4
Eagle River Water & Sanitation	106	6	80	8
Christie Lodge	102	7	158	3
Town of Avon	84	8	109	6
Colorado Mountain Medical - Avon	60	9		
Sheraton Mountain Vista	51	10	120	5
Avon Elementary School			53	9
Finnegan's			105	7
Falcon Point			29	10

Sources: Various Town of Avon businesses, Department of Labor

TOWN OF AVON, COLORADO

COMMERCIAL AND RESIDENTIAL CONSTRUCTION LAST TEN FISCAL YEARS

Year	Total Permits Issued	Commercial Construction		Residential Construction		Total Building Construction Value
		Square Footage	Value	No. of Units	Value	
2007	166	19,242	\$ 25,248,538	93	\$ 10,970,648	\$ 36,219,186
2008	145	11,416	2,525,749	15	11,165,780	13,691,529
2009	91	-	725,000	3	8,683,371	9,408,371
2010	112	16,517	3,215,036	7	9,806,550	13,021,586
2011	125	2,210	922,600	9	8,412,190	9,334,790
2012	126	54,250	11,400,000	8	2,448,500	13,848,500
2013	159	217,293	27,121,876	12	9,027,760	36,149,636
2014	156	-	1,500,000	10	13,735,900	15,235,900
2015	153	114,614	14,336,000	10	6,970,000	21,306,000
2016	15	56,641	16,369,635	7	8,551,360	24,920,995

Source: Town of Avon Community Development Department

TOWN OF AVON, COLORADO

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of December 31				
	2007	2008	2009	2010	2011
General Government					
Administration	3.00	3.75	3.75	3.75	3.75
Human Resources	2.00	2.00	2.00	2.00	2.00
Finance	7.00	7.00	7.00	8.00	8.00
Nondepartmental	6.00	8.00	6.00	5.00	3.00
Community Development	9.00	9.75	7.75	7.75	6.00
Police	19.00	21.00	22.00	22.00	20.00
Public Works:					
Engineering	3.00	3.00	3.00	3.00	3.00
Buildings and Facilities	2.50	4.00	4.00	3.75	2.75
Roads and Bridges, Parks	16.50	18.00	17.00	16.25	16.25
Transportation	13.00	14.00	8.00	4.50	4.35
Fleet Maintenance	12.10	12.10	13.10	13.10	9.25
Recreation	10.00	10.00	8.00	7.00	8.00
Total	<u>103.10</u>	<u>112.60</u>	<u>101.60</u>	<u>96.10</u>	<u>86.35</u>
	2012	2013	2014	2015	2016
General Government					
Administration	2.75	3.75	4.75	4.75	4.60
Human Resources	2.00	2.00	2.00	3.00	3.00
Finance	8.00	8.00	8.00	8.00	8.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Community Development	5.00	4.00	4.00	4.00	4.00
Police	20.00	20.00	20.00	20.00	20.40
Public Works:					
Engineering	2.00	2.00	2.00	2.00	2.00
Buildings and Facilities	2.75	3.00	3.00	4.00	4.00
Roads and Bridges, Parks	15.25	16.00	14.00	14.00	15.00
Transportation	4.35	4.00	4.00	6.00	6.00
Fleet Maintenance	7.25	8.00	8.00	8.00	8.00
Recreation	9.00	6.00	7.00	9.00	9.00
Total	<u>79.35</u>	<u>77.75</u>	<u>77.75</u>	<u>83.75</u>	<u>85.00</u>

Source: Town of Avon Budget

TOWN OF AVON, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Town of Avon Facilities and Services:				
Miles of Streets	23.04	23.73	23.73	23.73
Number of Street Lights	408	433	433	454
Culture and Recreation:				
Miles of Bike/Pedestrian Paths	5.60	5.60	5.60	5.60
Miles of dirt, singletrack trails	0.00	0.00	0.00	0.00
Parks / Lakes	5/1	5/1	5/1	5/1
Park Acreage	672	672	672	672
Tennis/Volleyball /Basketball Courts/Pickleball Courts	4 / 3 / 3	4 / 3 / 3	4 / 3 / 3	4 / 3 / 3
Recreation Centers	1	1	1	1
Softball / Soccer Fields	1 / 2	1 / 2	1 / 2	1 / 2
Playgrounds	4	4	4	4
Performance Art Pavilion				
Police Protection:				
Number of Stations	1	1	1	1
Number of Police Personnel and Officers	16	18	21	20
Number of Patrol Units	12	14	13	15
Number of Law Violations:				
General Ordinance Violations	333	267	168	157
Traffic Violations	243	351	287	831
Parking Violations	6	3	13	379
Facilities and Services Not Included in the Reporting Entity:				
Libraries:				
Number of Libraries / Volumes	1 / 85,378	1 / 76,228	1 / 79,560	1 / 80,054
Water System:				
Miles of Water Mains	24.99	24.99	24.99	24.99
Number of Service Connections	3,675	3,761	3,787	3,802
Daily Average Consumption in Gallons	778,373	943,787	687,693	672,789
Maximum Daily Capacity of Plant in Gallons	10MGD	10MGD	10MGD	10MGD
Sanitary Sewer System:				
Miles of Sanitary Sewers	33.44	33.44	33.44	33.44
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,801	3,821	3,913	3,916
Maximum Daily Capacity of Treatment Plant in Gallons	4.3MGD	4.3MGD	4.3MGD	4.3MGD
Education:				
Number of Elementary Schools / Instructors	1 / 53	1 / 27	1 / 23	1 / 23
Fire Protection:				
Number of Stations	9	9	9	9
Number of Fire Personnel and Officers	51	56	47	56
Number of Calls Answered	2,469	2,855	2,262	2,167
Number of Inspections Conducted	494	565	397	141

Fiscal Year					
2011	2012	2013	2014	2015	2016
23.73	23.73	23.73	23.73	23.73	23.73
632	632	632	613	619	634
8.75	8.75	8.75	8.82	8.82	9.32
0.00	0.00	0.00	11.00	11.00	11.00
5/1	5/1	5/1	5/1	5/1	5/1
672	672	672	672	672	672
4 / 2 / 3	4 / 2 / 3	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2
1	1	1	1	1	1
1 / 2	1 / 2	1 / 2	1 / 2	1 / 2	1 / 2
4	4	4	4	4	4
			1	1	1
1	1	1	1	1	1
18	20	20	20	21	23
15	16	16	16	15	15
218	396	207	438	384	419
1,204	495	285	372	314	543
285	110	165	366	282	234
1 / 83,008	1 / 82,193	1 / 79,405	1 / 80,239	1 / 79,226	1 / 77,490
24.99	24.99	24.99	24.99	24.99	24.99
3,799	3,814	3,831	3,897	3,917	3,917
687,099	589,567	675,728	706,833	706,833	709,478
10MGD	10MGD	10MGD	10MGD	10MGD	10MGD
33.44	33.44	33.44	33.44	33.44	33.44
1	1	1	1	1	1
3,933	3,953	3,969	4,038	4,086	4,086
4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD
1 / 23	1 / 23	1 / 27	1 / 25	1 / 27	1 / 47
9	8	5	5	5	6
55	55	66	64	67	68
2,198	2,089	2,244	2,357	636	670
166	190	154	154	122	175

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SINGLE AUDIT SECTION

TOWN OF AVON, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
<u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	\$ 2,320
Total U.S. Department of Justice		2,320
<u>U.S. Department of Transportation</u>		
<i>Passed Through Colorado Department of Transportation:</i>		
NHTSA - Click it or Ticket	20.616	8,360
Map 21 Transportation Alternatives Program (TAP)	20.205	1,355,000
Total U.S. Department of Transportation		1,363,360
Total Expenditures of Federal Awards		\$ 1,365,680

The accompanying notes are an integral part of this schedule.

TOWN OF AVON, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2016

Note 1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Avon under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Avon, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Avon.

Note 2. Summary of Significant Accounting Policies

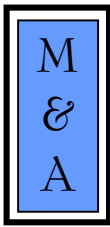
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereas certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Sub-recipients

The Town of Avon did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards to sub-recipients.

Note 4. Indirect Facilities and Administration Costs

The Town of Avon did not elect to use the 10% de minimus cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) costs.



MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Honorable Mayor and Town Council
Town of Avon, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Avon, Colorado (the "Town") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT
To the Honorable Mayor and Town Council
Town of Avon, Colorado

Compliance and Other Matters

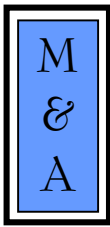
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 4, 2017



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Honorable Mayor and Town Council
Town of Avon, Colorado**

Report on Compliance for Each Major Program

We have audited the Town of Avon, Colorado's (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2016. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town's compliance with those requirements.

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**INDEPENDENT AUDITOR'S REPORT
To the Honorable Mayor and Town Council
Town of Avon, Colorado**

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
May 4, 2017**

Town of Avon, Colorado, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:

Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No

Major programs:

Highway Planning and Construction - Map 21 Transportation Alternatives Program (TAP)	CFDA #20.205
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Dollar threshold used to identify Type A from Type B programs: \$750,000

Identified as low-risk auditee No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards* None noted

Auditor-assigned reference number Not applicable

Part III – Findings Related to Federal Awards

Internal control findings None noted

Compliance findings None noted

Questioned costs None noted

Auditor-assigned reference number Not applicable

Town of Avon, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

There were no findings for the fiscal year ended December 31, 2015.