TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

Prepared by:
Department of Finance

Scott C. Wright, CPA, CPFO
Finance Director

TOWN OF AVON, COLORADO
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2012

TOWN COUNCIL

Rich Carroll, Mayor
Todd Goulding, Mayor Pro Tem
Dave Dantas
Chris Evans
Jennie Fancher
Albert D. Reynolds
Jake Wolf

MANAGEMENT

Virginia Egger, Town Manager
Patty McKenny, Assistant Town Manager Management Services
Scott Wright, Finance Director
Justin Hildreth, Town Engineer
Robert Ticer, Police Chief
John Curutchet, Acting Director of Recreation

INDEPENDENT AUDITORS

McMahan and Associates, LLC
Certified Public Accountants

TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

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INTRODUCTION

HEART of the VALLEY
AVON
COLORADO

Avon... a smoke-free community

Post Office Box 975
One Lake Street
Avon, Colorado 81620

970-748-4000
970-949-9139 Fax
Relay recognized
www.avon.org

May 28, 2013

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, 2012.

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 their 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, 2012, 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, 2012, 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 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 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 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 Clerk 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, 2012, and the remaining four to be elected in November, 2014. 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 are required for the adoption

of an ordinance, resolution, order for appropriation, approval of contract or approval of intergovernmental agreement.

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.

Factors Affecting Financial Condition

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. Vail was ranked in *SKI Magazine Reader's Resort Survey* as the #3 ski resort in North America for the 2012-2013 season, while Beaver Creek Resort was ranked 9th.

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 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 the Town of Avon declined by twenty-five percent (25%) in 2011 resulting in reduction of resources for basic municipal services. Due to the

Current Initiatives

Despite the fiscal challenges due to the current economic environment and ongoing litigation with a local developer, the Town continued to provide excellent service in 2012 while positioning itself for long-term success. The initiatives discussed below reflect the Town's budgetary priorities in becoming a more multi-modal community, redeveloping the town center core, establishing sustainability programs and providing a pleasant and safe community for its residents.

Long-term Financial Planning. In light of the current economic challenges the Town is facing, long-range planning has become paramount to good financial management. Long-range financial projections are updated annually by Town staff and consultants and are reviewed with management and the Avon Town Council and are integrated into the annual budget process.

Change in Management. In a mutual decision, Avon's Town Council and town manager announced in January, 2012 that after considering the pending issues and projects ahead, Avon intended to make a change in management. The Town of Avon worked with The Morrison Group LLC to assist with the recruitment efforts for a new town manager. After an extensive assessment involving town council, town staff and a panel of municipal professionals and local community and business leaders, the Avon Town Council welcomed Virginia Egger of Sun Valley, Idaho to serve as its next town manager.

Extreme Drought. The Town of Avon, and all of Eagle County, experienced extreme drought conditions and experienced the fourth warmest April on record according to the Water Availability Task Force. The extreme drought conditions paired with high winds prompted the Avon Town Council to join the Eagle County Sheriff and local fire authorities to enact fire restrictions for several weeks over the summer. The drought conditions and fire restrictions also prompted the Avon Council to cancel the fireworks display that accompanies the Town's annual Salute to the USA celebration on July 3. Despite not having the pyrotechnics that Avon is famous for, the Salute to the USA celebration continued at Nottingham Park with live bands and entertainment, a family fun zone, carnival games, face painting and food vendors. Rather than returning the fireworks to the vendor, the fireworks were saved for the Fire & Ice Festival scheduled for February 2013.

Police Accreditation. The Avon police department was awarded law enforcement recognition through the Commission on Accreditation for Law Enforcement Agencies (CALEA), the gold standard of public safety, after three years of diligent work and preparation. The department received the CALEA recognition after outside independent auditors evaluated the department's policies and procedures and ensured the agency was in compliance with 112 national standards. The Avon Police Department joins less than 10% of Colorado law enforcement agencies who have achieved either recognition or accreditation. The Avon PD is now the smallest agency in Colorado to achieve CALEA status and the only one on the western slope. In addition to the CALEA recognition, the Avon Police Department has received their State Accreditation through the Colorado Association of Chiefs of Police.

Special Events. The Snow Ball music festival returned for a second year sprawling out in Avon's Nottingham Park with multiple stages that provided concertgoers a mix of music genres. The event attracted over 10,000 visitors for the three-day musical festival. This was the last year for the Snow Ball festival in Avon as the concert promoters decided to move the venue next year.

The Town of Avon and NRC365 hosted to a new wine and beer-sampling event in August. The inaugural Reds, Whites & Brews festival featured an afternoon of unlimited wine and beer tastings from up to 20 breweries and 20 wineries in Nottingham Park. Brewers include local favorites Bonfire Brewing and Crazy

Mountain Brewing as well as Boulder Brewing, Aspen Brewing and Alaska brewing. Several vintners were also present from the U.S. and around the globe, including California and Italy.

The 2nd annual USA Pro Cycling Challenge rode through Avon for the Stage 4 finish in Beaver Creek on August 23 closing Highway 6, and impacting Post Boulevard, Avon Road and bus service. The Town saw a significant increase in its August sales tax and accommodation taxes likely due to these events, as well as a higher volume of guests escaping the high temperatures on the Front Range.

Town of Avon v. Traer Creek Metropolitan District, 2008 CV 385; Traer Creek LLC, et al v Town of Avon, 2010 CV 316

In November 2012, the Town of Avon, Traer Creek LLC, Traer Creek Metropolitan District and BNP Paribas reached agreement on major components of litigation settlement, including amendments to the Consolidated Annexation and Development Agreement (CARADA) and amendments to the PUD Guide and PUD Plan Map. The foundation of the agreement was predicated in the Settlement Term Sheet from October 2011.

The approval by the Avon Town Council was the result of lengthy negotiations and review by all parties and numerous public hearings. Implementation of the settlement will enable the Town to receive additional revenues to fund the services it provides to the Village at (Avon). The settlement will also allow the Upper Eagle Regional Water Authority to construct a two million gallon water storage tank to serve the community. Development of The Village at (Avon) can continue when settlement is completed. Court dismissal of the litigation is expected when the escrow agreement and conveyance documents are complete sometime in early 2013.

Awards and Acknowledgements

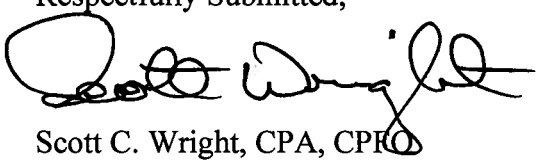
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the twenty-first 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.

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.

Letter of Transmittal
Town of Avon, Colorado
May 28, 2013

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,



Scott C. Wright, CPA, CPFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Avon
Colorado

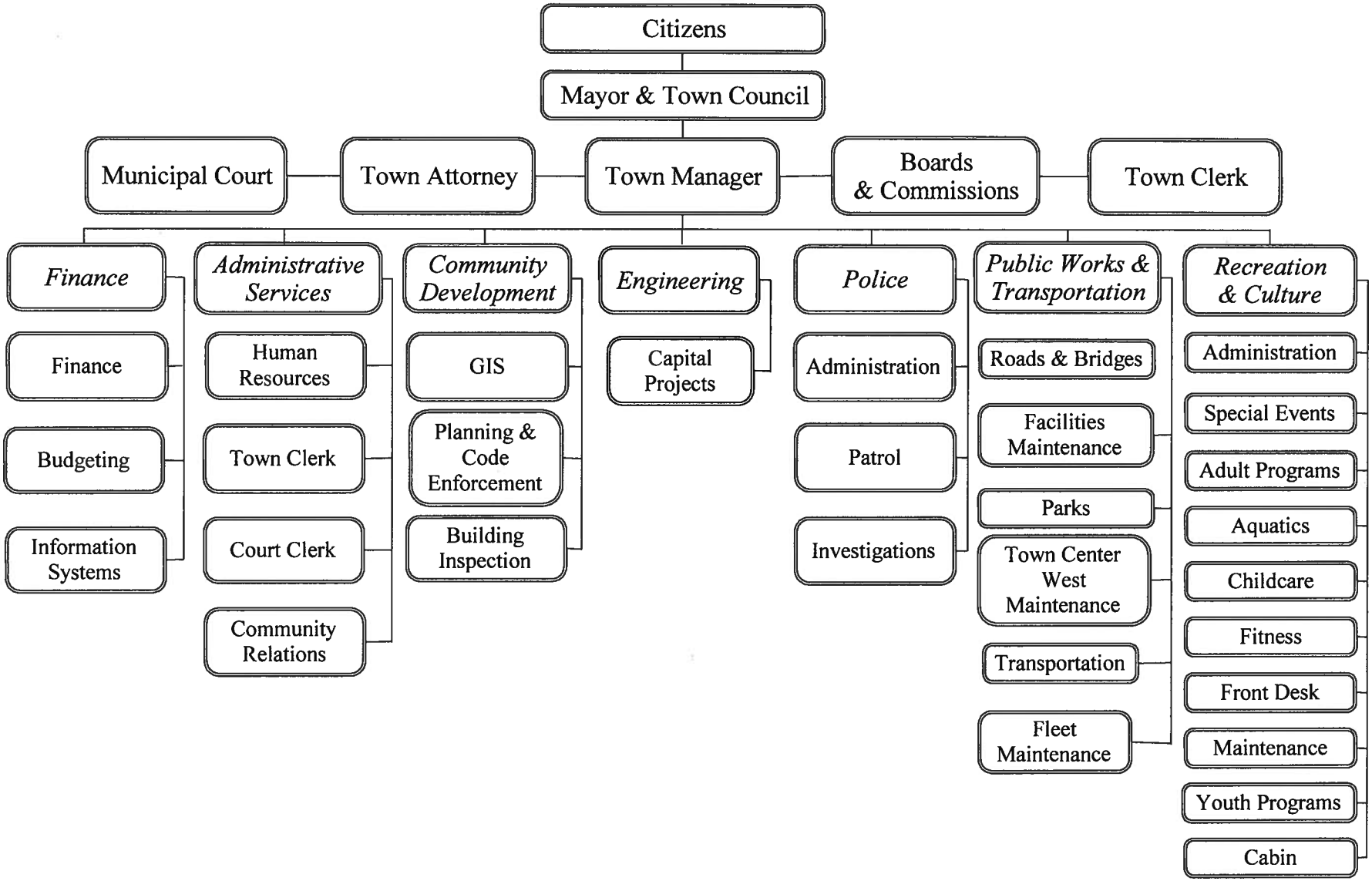
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

Jeffrey L. Esser
Executive Director

Town of Avon
Organization Chart



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FINANCIAL SECTION

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Avon

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, 2012, and the related noted 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 evaluation 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, each major fund, and the aggregate remaining fund information of Town of Avon, Colorado, Colorado as of December 31, 2012, 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.

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 53-56 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 statement 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 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 debt schedule, the individual fund budgetary information, and the Local Highway Finance Report on pages 57-84 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.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the Town's financial statements. Such information has been subjected to the auditing procedures applied 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 statement 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated April 30, 2013 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
April 30, 2013

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, 2012. 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 on in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of its fiscal year ended December 31, 2012 by $59,583,868 (net position). Of this amount, $14,488,636 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 decreased by $7,366.

- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of $14,355,623, a decrease of $1,733,942 from the prior year. Approximately 21 percent of this total amount, ($3,134,327) is available for spending at the Town's discretion (unassigned fund balance).

- The unassigned fund balance for the general fund was $3,134,327, or 28 percent of total general fund expenditures and other financing sources. This represents a $195,654 decrease from the prior year.

- The Town of Avon's bonded debt decreased by a net $1,103,891 during the current fiscal year. Regular principal payments were made on bonded debt in the amount of $1,095,000. In addition, principal payments in the amount of $270,000 on a tax increment loan issued by the Avon Urban Renewal Authority in 2009 were made.

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 28-52 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 53-55 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 57-89 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 $59,583,868 as of December 31, 2012.

The largest portion of the Town's net position (65%) 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 (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (24%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Condensed Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2012	(Restated) 2011	2012	(Restated) 2011	2012	(Restated) 2011
Current and Other Assets	$ 21,352,305	$ 22,145,821	$ 1,149,987	$ 1,499,600	$ 22,502,292	$ 23,645,421
Restricted Assets	3,593,128	4,034,080	-	-	3,593,128	4,034,080
Capital Assets, net	49,524,172	48,536,758	5,270,022	5,500,840	54,794,194	54,037,598
Total Assets	74,469,605	74,716,659	6,420,009	7,000,440	80,889,614	81,717,099
Deferred Outflows of Resources	56,316	70,696	-	-	56,316	70,696
Other Liabilities	1,681,837	1,216,644	129,428	148,554	1,811,265	1,365,198
Noncurrent Liabilities	13,049,524	14,159,912	3,537,676	3,732,656	16,587,200	17,892,568
Total Liabilities	14,731,361	15,376,556	3,667,104	3,881,210	18,398,465	19,257,766
Deferred Inflows of Resources	2,915,897	2,890,994	47,700	47,801	2,963,597	2,938,795
Net Position:						
Net Investment in Capital Assets	36,904,217	34,738,700	1,761,245	1,815,425	38,665,462	36,554,125
Restricted	6,429,770	7,435,169	-	-	6,429,770	7,435,169
Unrestricted	13,544,676	14,345,936	943,960	1,256,004	14,488,636	15,601,940
Total Net Position	$ 56,878,663	$ 56,519,805	$ 2,705,205	$ 3,071,429	$ 59,583,868	$ 59,591,234

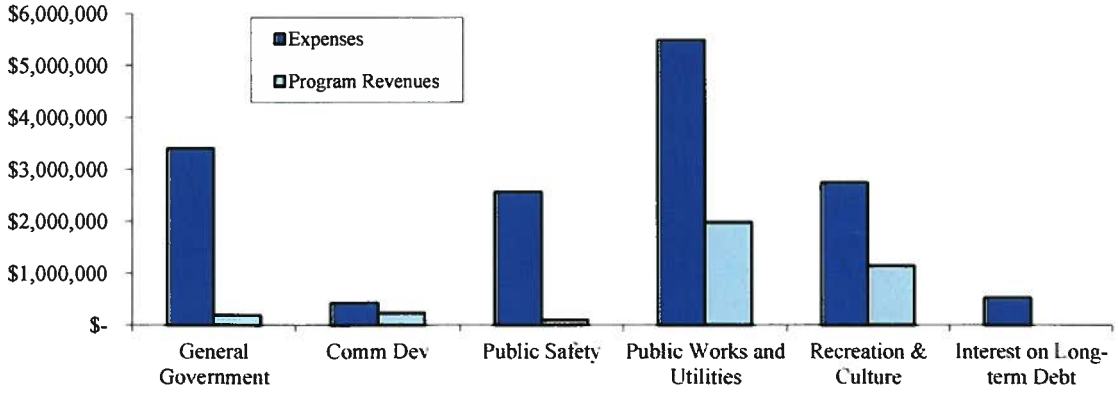
Analysis of the Town's Operations

Governmental activities increased the Town's net position by $358,858 for 2012. The key element of this increase was the receipt of a $305,351 Federal Transit Administration 5309 (FTA) grant for a new transit bus and $1,273,354 in FTA Capital Investment grants for the Town's I-70 Regional Transportation Facility Improvement project.

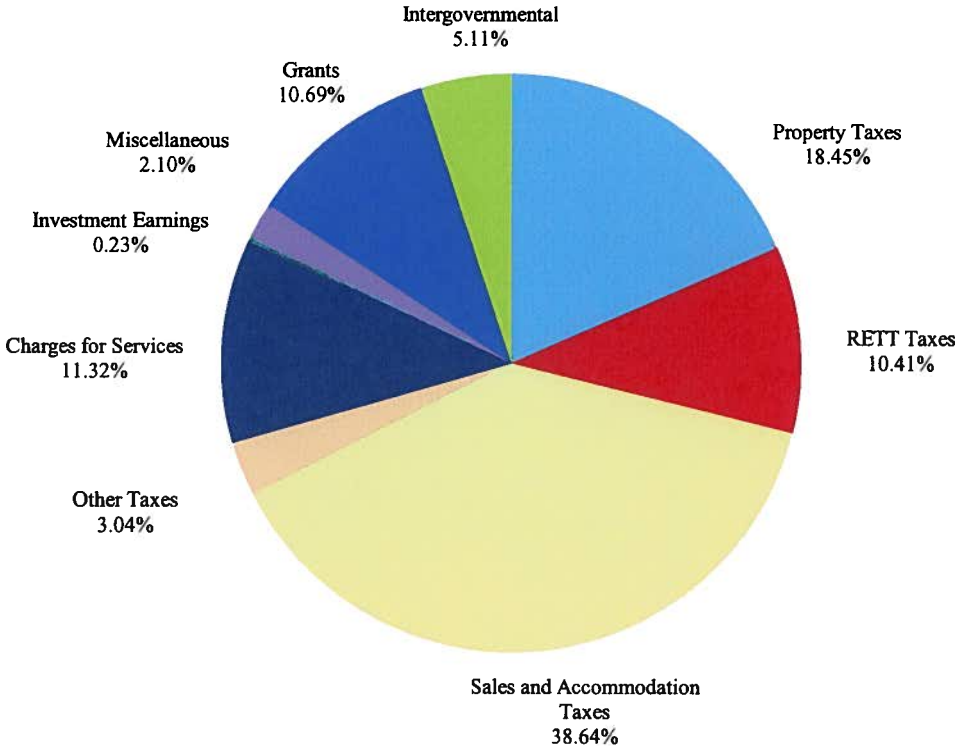
Change in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2012	(Restated) 2011	2012	(Restated) 2011	2012	(Restated) 2011
REVENUES						
Program Revenues:						
Charges for Services	$ 1,858,005	$ 2,470,798	$ 1,135,929	$ 1,520,018	$ 2,993,934	$ 3,990,816
Operating Grants and Contributions	39,607	59,329	-	-	39,607	59,329
Capital Grants and Contributions	1,715,337	247,368	305,351	-	2,020,688	247,368
General Revenues:						
Taxes:						
Property Taxes	3,027,319	3,672,307	40,032	40,371	3,067,351	3,712,678
Real Estate Transfer Tax	1,707,648	1,616,982	-	-	1,707,648	1,616,982
Sales and Accommodation Taxes	6,340,557	6,190,839	-	-	6,340,557	6,190,839
Other Taxes	499,114	1,323,246	-	-	499,114	1,323,246
Unrestricted Investment Earnings	37,827	87,099	-	-	37,827	87,099
Intergovernmental	839,112	857,474	-	-	839,112	857,474
Loss on Disposal of Capital	(30,857)	-	(291,485)	-	(322,342)	-
Miscellaneous	344,503	372,222	-	-	344,503	372,222
Total Revenues	16,378,172	16,897,664	1,189,827	1,560,389	17,567,999	18,458,053
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	3,400,499	3,539,636	-	-	3,400,499	3,539,636
Community Development	421,554	519,631	-	-	421,554	519,631
Public Safety	2,554,404	2,569,100	-	-	2,554,404	2,569,100
Public Works and Utilities	5,479,239	5,821,879	-	-	5,479,239	5,821,879
Recreation and Culture	2,737,458	2,276,473	-	-	2,737,458	2,276,473
Interest on Long-term Debt	516,160	575,100	-	-	516,160	575,100
Business-type Activities:						
Transportation	-	-	1,083,097	1,123,640	1,083,097	1,123,640
Fleet Maintenance	-	-	1,382,954	1,618,698	1,382,954	1,618,698
Total Expenses	15,109,314	15,301,819	2,466,051	2,742,338	17,575,365	18,044,157
Excess (Deficiency) Before Contributions and Transfers	1,268,858	1,595,845	(1,276,224)	(1,181,949)	(7,366)	413,896
Transfers	(910,000)	(950,000)	910,000	950,000	-	-
Increase (Decrease) in Net Position	358,858	645,845	(366,224)	(231,949)	(7,366)	413,896
Net Position, Beginning of Year (Restated)	56,519,805	55,873,960	3,071,429	3,303,378	59,591,234	59,177,338
Net Position, Ending	$ 56,878,663	$56,519,805	$ 2,705,205	$ 3,071,429	$ 59,583,868	$59,591,234

Expenses and Program Revenues – Governmental Activities

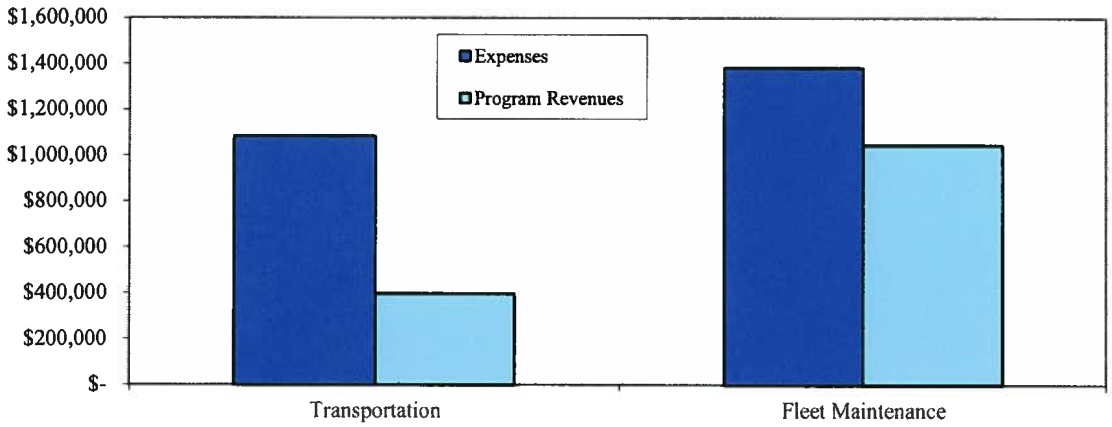


Revenues by Source – Governmental Activities

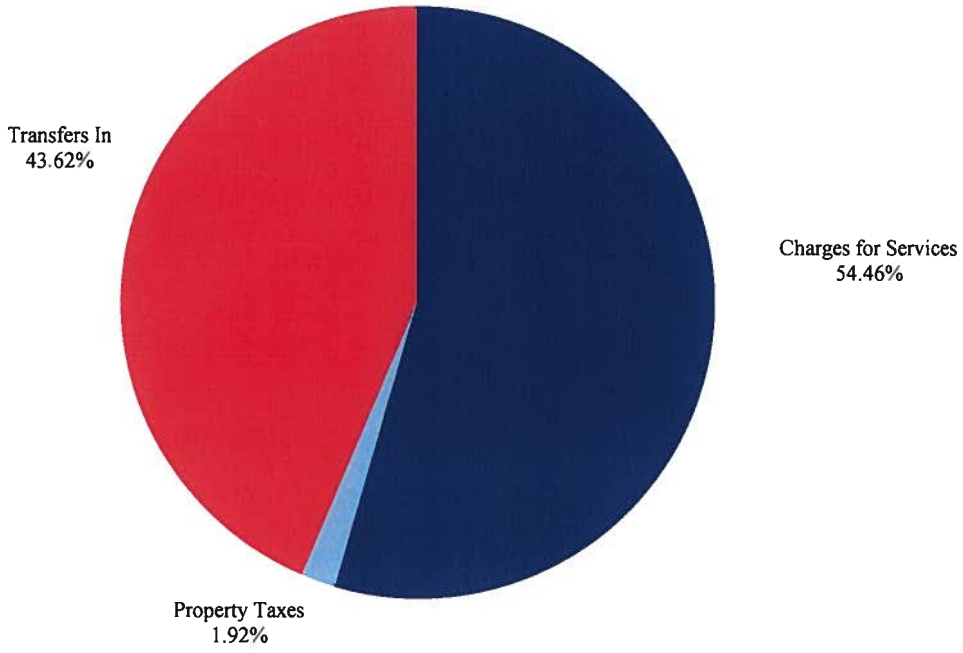


Business-type activities. Net position of business-type activities decreased by $366,224 in 2012. The key elements of this decrease was the continued loss of third-party revenues in the Fleet Maintenance Fund which declined by $478,111 or 32 percent from the previous year, and the disposal and write-off of the fleet maintenance wash bay facility in the amount of $291,485 due to the construction of the Town's new I70 Regional Transportation Facility.

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, 2012 and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	2012 Amount	Percent of Total	2011 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	$11,574,638	70.49%	$12,083,403	$ (508,765)	(4.21%)
Licenses and Permits	207,670	1.26%	219,265	(11,595)	(5.29%)
Intergovernmental	2,594,056	15.80%	1,164,171	1,429,885	122.82%
Charges for Services	1,473,552	8.98%	1,593,303	(119,751)	(7.52%)
Fines and Forfeitures	151,533	.92%	197,103	(45,570)	(23.12%)
Investment Earnings	37,827	.23%	87,099	(49,272)	(56.57%)
Other Revenues	380,647	2.32%	368,568	12,079	3.28%
Total	$16,419,923	100.00%	$15,712,912	$ 707,011	

Total tax collections decreased by $508,765 from the prior year. Property taxes declined by $539,800 due to the reduction of assessed values within the Town. Total net assessed value of all property within the Town decreased by $61,979,160 or 25.29% from the previous year. The general operating mill rate for the Town remained the same at 8.956 mills while the debt service mill rate increased 0.852 mills to 3.116 mills. Sales taxes increased by $140,411 or 2.58% from the previous year while accommodations taxes decreased by $12,629.

The Town collects a 2% tax from all sales of real property within the Town except within The Village at Avon Planned Unit Development. These revenues are dedicated solely for capital improvement projects. Real estate transfer tax collections increased 5.6%, from $1,616,982 in 2011 to $1,707,648 in 2012.

Licenses and permits decreased $11,595 from 2011. Construction value for permits issued in 2012 totaled $16,951,500, including commercial permits totaling 54,250 square feet with a value of $11,653,000 and 8 residential units with a value of $5,298,500.

Intergovernmental revenues increased in 2012 by $1,429,885 due to federal grant revenues of $305,351 from the FTA for a new transit bus and $1,273,354 in FTA Capital Investment grants for the Town's I-70 Regional Transportation Facility Improvement project.

Charges for services decreased $119,751 due to a decrease of $91,183 in various recreation fees and a decrease in water tap fees of $47,033.

Investment earnings continued to decline in 2012 by $49,272. Due to the continued efforts by the Federal Reserve to keep interest rates at historically low levels, a number of higher yielding securities held by the Town have matured and have had to be reinvested at lower yields.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2012 and the amount and percentage of increases and decreases in relation to the prior year.

Expenditures	2012 Amount	Percent of Total	2011 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current:					
General Government	$ 3,088,911	17.91%	$ 3,411,329	$ (322,418)	9.45%
Community Development	421,133	2.44%	519,268	(98,135)	(18.90%)
Public Safety	2,551,488	14.80%	2,516,612	34,876	1.39%
Public Works and Utilities	3,192,763	18.52%	3,429,238	(236,475)	(6.90%)
Recreation and Culture	2,148,410	12.46%	2,054,477	93,933	4.57%
Capital Improvements	4,087,083	23.70%	1,023,914	3,063,169	299.16%
Debt Service:					
Principal	1,240,000	7.19%	1,195,000	45,000	3.77%
Interest	470,455	2.73%	526,288	(55,833)	(10.61%)
Fiscal Charges	43,622	0.25%	56,614	(12,992)	(22.95%)
Total	$17,243,865	100.00%	$14,732,740	$ 2,511,125	

Capital improvement expenditures increased from 2011 by $3,063,169 due primarily to the completion of the Metcalf Road drainage project in the amount of $638,297 and the completion of design and the start of construction on the I70 Regional Transportation Facility project in the amount of $3,025,625

For the fourth year in row operating departments continue to work with flat budgets due to ongoing concerns about the economy and stretched resources due to ongoing litigation. Employee furloughs continued through the end of 2012. One bright note was the restoration of 1% of the 2% across-the-board salary reduction that was begun in 2010.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $14,355,623 a decrease of $1,733,942 from the prior year. Of this total, $6,474,343 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 $4,746,953 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 $3,134,327 is unassigned and can be used for any lawful purpose.

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 $3,134,327, while total fund balance is $3,976,525. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures and other financing sources. Unassigned fund balance represents 26.6% of total fund expenditures and other financing uses, while total fund balance represents 33.7% of that same amount.

The fund balance of the general fund decreased by $214,670, or 5.1%, in 2012. This was primarily due to a budgeted deficit of $319,362 from continued higher-than-normal legal fees from the lawsuit and subsequent settlement negotiations with Traer Creek Metropolitan District, payouts of compensated absences to exiting staff, and professional fees related to a town manager job search. These additional costs were largely offset by departmental budgetary savings across-the-board.

The fund balance of the general fund represents approximately 34.8% of 2013 general fund appropriations or the equivalent of approximately 4.5 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.

General Fund Budgetary Highlights

The Town's 2012 original general fund budget generally followed a continued recognition of slower revenue growth and limited resources, with continued emphasis on priorities in economic development, maintaining service levels, retaining personnel, prioritizing capital improvements, reducing its carbon footprint, and balancing the budget.

A number of budget changes are typically made throughout the year and at the Town's adoption of its final revised budget in November. For the most part these changes are very minor and the increases and decreases are offsetting. The net difference between the original budget and the final amended budget resulted in an increase of $83,841 in expenditure appropriations and a decrease of $27,000 in appropriated transfers-out for the 2012 budget year.

Actual revenues fell short of estimated revenues by a total of $158,081. Sales and accommodation tax revenues, while showing strong in the summer and fall, struggled in December and ultimately fell short of estimates by $59,250. On the positive side, with the exception of the above mentioned legal expenses, departmental expenditures were under budget by a net total of $334,273.

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, 2012, amounts to $54,794,194 (net of accumulated depreciation). This investment in capital assets includes land, public art, buildings, infrastructure, and machinery and equipment (see table below). The total increase in the Town's investment in capital assets for the current fiscal year was 1.4% (a 2% decrease for governmental activities and a 4.2% decrease for business-type activities).

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

- Capital Project Fund expenditures totaled $4,033,310 in 2012. As of December 31, 2012 the one major project included in construction-in-progress is the I-70 Regional Transportation Facility in the amount of $4,333,045. Infrastructure improvements added in 2012 consisted of the completion of the Metcalf Road drainage project park improvements of $925,640.
- Athletic equipment replacements at the Avon Recreation Center totaled $20,286 and included new 5 new circuit weight machines. Other equipment purchased included a Polartrack ($48,834), a utility tractor ($34,271) and a Bobcat Toolcat ($48,909) for the parks department. Fleet replacements included 2 new police Chevrolet Tahoes ($88,591) and a new street sweeper ($227,004) for the public works department.
- The Transit Fund purchased a new Gillig 29' low floor transit bus ($375,470).
- The Fleet Maintenance Fund purchased a front end alignment machine ($19,520). As mentioned previously, the fleet maintenance wash bay facility was demolished and disposed of in the amount of $291,485 due to the construction of the Town's new I70 Regional Transportation Facility.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 8,838,724	$ 8,838,724	$ 130,384	$ 130,384	$ 8,969,108	$ 8,969,108
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.	4,404,472	1,665,580	-	-	4,404,472	1,665,580
Buildings	7,420,751	7,939,439	3,431,846	3,861,440	10,852,597	11,800,879
Utilities	4,082,718	4,292,547	-	-	4,082,718	4,292,547
Mach. & Equip.	1,908,485	1,839,778	1,707,792	1,509,016	3,616,277	3,348,794
Infrastructure	19,714,663	20,806,331	-	-	19,714,663	20,806,331
Total	$49,524,172	$48,536,758	$ 5,270,022	$ 5,500,840	$54,794,194	$54,037,598

Additional information on the Town of Avon's capital assets can be found in Note 4 on pages 39-40 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 $15,305,000. Of this amount, $1,935,000 comprises general obligation debt secured by a pledge of the full faith and credit of the Town and payable from ad valorem taxes which may be levied against all taxable property within the Town. Certificates of Participation which evidence assignments of proportionate interests in the right to receive

payments pursuant to annually renewable lease agreements total $6,205,000. The remainder of the Town's debt, $7,165,000, represents bonds and loans secured solely by specified revenue sources (i.e. revenue bonds).

Town of Avon's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
G. O. Bonds	$ 1,935,000	$ 2,380,000	$ -	$ -	$ 1,935,000	$ 2,380,000
Revenue Bonds	870,000	1,275,000	-	-	870,000	1,275,000
Certificates of Participation	3,075,000	3,195,000	3,130,000	3,255,000	6,270,000	6,450,000
Loans	6,295,000	6,565,000	-	-	6,295,000	6,565,000
Total	$12,175,000	$13,415,000	$ 3,130,000	$ 3,255,000	$15,305,000	$16,670,000

The Town of Avon's long-term debt decreased by $1,365,000 during the current fiscal year and all regular principal payments were made on outstanding bonded debt.

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 $45,768,223, which is significantly greater than the Town's outstanding general obligation debt.

The Town's ratio of general bonded debt to actual taxable property value is 0.15%, compared to its high of 2.32% in 1997. In addition, the Town's net bonded debt per capita is $373, the second lowest in the Town's history.

Additional information on the Town's long-term debt can be found in Note 5 on pages 40-46 of this report.

Economic Factors and Next Year's Budget and Rates

The 2013 budget reflects the Town's continued economic recovery while continuing to place an emphasis on the Town's priorities in balancing its budget while maintaining service levels, addressing personnel compensation and eliminating the Town's furlough program, and prioritizing its capital replacement and improvement projects.

Current Initiatives

Personnel

In response to feedback from department directors and employees, management's number one priority for the 2013 budget was the elimination of the Town's furlough program that had been in place since May of 2009. The 2013 budget reflects the discontinuation of this program – and the corresponding increase in salaries and wages, the equivalent of more than four full-time employees. In addition, because of the Town's strong sales tax performance in the summer months and Town departments' commitment to keep 2013 appropriations flat, the remaining 1% across-the-board salary reduction that was still in place in 2012 has been restored effective

January 1, 2013. Finally, the Town's pay for performance program that was discontinued in 2009 has been resorted and a 3% merit pool added to the budget for 2013.

Economic Development
For the 2013 budget, the Town Council added funding for the Entrepreneurs Base Camp, a workspace of the Vail Leadership Institute, which serves as an incubator and accelerator blending leadership development with business planning. The facility combines people, thinking and resources in a collaborative environment with the goal of building excellent, ethical and enduring businesses. In addition, funding was approved for the 2013 Women's Birds of Prey World Cup ski racing event that will be held the week after the men's event in December 2013.

Eagle Valley Land Exchange
The Land Exchange is a cooperative venture between the Town of Avon, Eagle County, Colorado State Land Board, Eagle County Land Trust, and the United States Forest Service (USFS); the parties will be trading 10 separate parcels of land along the I-70 corridor from Edwards to Vail. As part of the exchange, Avon will receive two parcels totaling approximately 564 acres with the town contributing $1 million into the total transaction. The first parcel of 478 acres, identified as West Avon and known as Beaver Creek Point, sits between the Wildridge neighborhood and the Singletree neighborhood in Edwards. The second parcel of 85.99 acres, identified as Forest Service Village, is located to the east of Avon on the north side of Interstate-70. These parcels are a part of the Town's Trails and Recreation Plan and provide essential open space buffers between Singletree and Wildridge. Portions of each parcel will be placed in a conservation easement that will perpetually and permanently be preserved as open space for public enjoyment. The transaction is anticipated to be completed in spring of 2013.

I-70 Regional Transportation Operations Facility
This project, anticipated to be completed in fall of 2013, allows the Town of Avon to provide and support the growing transit needs of the community. The facility is contemplated in the Town's Master Transportation Plan, which supports efforts to enhance regional transit services. The project is funded by the Federal Transit Administration (FTA) Capital Investment Grant in the amount of $7.5 million, a FTA Better Bus and Bus Facility Grant in the amount of $367,323, and is receiving $1 million in Colorado FASTER Transit funds through the Colorado Department of Transportation. The Town of Avon is contributing $3 million in grant matching funds.

This facility will house two public transit agencies, Avon Transit and Eagle County (ECO) Transit, and will include indoor parking for 24 buses with outdoor parking for 4 more, a wash and service bay, money room, break room, and radio dispatch office. Changes to the site include paving for bus circulation, outdoor fueling for gasoline and diesel, and improved site lighting.

Financial Overview

- As adopted by the Town Council on November 13, 2012, the Town's total appropriations for 2013 equal $23,320,096. Total estimated revenues for 2013 are $21,104,158, and estimated ending fund balances are $12,069,022. Expenditures exceed revenues primarily due to the spend-down of fund balances in the water fund, urban renewal fund, community enhancement fund, and capital projects fund for various capital improvement projects.

- Taxes make up 68.25% of estimated operating revenues, with charges for services making up 20.74% and intergovernmental revenues 5.32%. Public works, engineering, and utilities constitute the highest percentage of expenditures at 18.59%, with capital improvements and equipment replacement at 17.76%, transportation and fleet maintenance expenditures at 12.6%, public safety at 13.31%, and general government/finance and recreation making up 13.84% and 12.18%, respectively.

- General Fund revenues are estimated at $12,101,354 in 2013, with taxes making up the majority ($8,953,370; 73.99%) of operating revenues. Sales and accommodation tax collections represent 74.66% of total taxes, with general property taxes representing 18.19%.

- Appropriations for general fund operating expenditures for 2013 total $11,413,665. Expenditures for public works make up the largest portion, equaling approximately 28% of general operating expenditures for 2013. Recreational expenditures make up an additional 20.87% of general operating expenditures, public safety 22.81%, general government 23.7%, and community development 4.62%.

- The fund balance of the General Fund is budgeted to increase by $260 in 2013 to an estimated ending balance of $3,468,842. The estimated ending fund balance represents 28.08% of 2013 general fund appropriations or the equivalent of 3.5 months of operations. The Town has felt it necessary to retain this level of fund balance because of its heavy reliance on sales and property 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. It is also important to have the capacity to meet the operational impacts of redevelopment until the efforts can generate a stabilized income.

- Capital improvements spending in the Capital Projects Fund will total $3,841,343 in 2013. Major projects include the Nottingham Lake liner replacement of $1,250,000 and the heat recovery expansion of $350,000. In addition, several projects budgeted in 2012 will carry over into 2013 including the construction of the I-70 Regional Transportation Facilities project, the U.S Forest Service land swap, and the US Hwy 6 Trail Projects – Avon Road to Post Blvd and the Eagle River Bridge at Avon Road. Appropriations have also been made annual paving and road improvements, and communications and e-Gov related projects.

- The Town collects a 2% tax from all sales of real property within the Town that is dedicated for capital improvement projects. Real estate transfer tax collections totaled $1,616,982 in 2011, are estimated at $1,400,000 for 2012, and are budgeted to increase in 2013 to $1,500,000. Demand appears to be growing for residential real estate while supply dwindles, and local construction contractors indicate a growing demand for work in Eagle County.

- Proposed debt service fund appropriations equal $1,261,806 for 2013. Revenues for payment of debt service come from property tax revenues, including tax increment, sales tax revenues and interest earnings.

- Appropriations for the Transit Enterprise Fund total $1,007,440 in 2013. Estimated revenues total $156,817 of this amount, and $800,000 is budgeted to be received as a subsidy from the Town's General Fund. Estimated revenues include property taxes of $40,317 from General Improvement District No. 1, charges for services of $90,000 for transit service for the Beaver Creek Skier and Restaurant shuttles, $22,500 for the lease of bus parking spaces, and $4,000 in advertising revenues.

- The Town's net assessed valuation declined by 1.45% in 2012 to a total value of $180,420,250. 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 3.116 to 3.027 mills. This decrease will allow property tax revenues in the debt service fund to match a slightly reduced amount of debt service as compared to the previous year.

- Sales tax revenues for 2013 are budgeted to grow 3% compared to revised 2012 estimates, while accommodations tax is budgeted to increase by 5%. Both 2012 sales tax revenues and accommodation tax revenues were revised up from the original budget due to a strong summer and a continuing recovering economy.

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, P.O. Box 975, Avon, CO 81620.

Scott Wright, CPA, CPFO
Finance Director

BASIC FINANCIAL STATEMENTS

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activites	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 7,894,974	$ 584,455	$ 8,479,429
Investments	4,287,466	-	4,287,466
Receivables	9,052,318	116,930	9,169,248
Internal Balances	100,000	(100,000)	-
Inventory	-	548,602	548,602
Deposits	17,547	-	17,547
Restricted Assets - Cash and Cash Equivalents	3,593,128	-	3,593,128
Capital Assets, net of accumulated depreciation:			
Nondepreciable	16,397,555	130,384	16,527,939
Depreciable	33,126,617	5,139,638	38,266,255
Total Assets	74,469,605	6,420,009	80,889,614
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Advance Refunding of Debt	56,316	-	56,316
Total Deferred Outflows of Resources	56,316	-	56,316
LIABILITIES			
Accounts Payable	784,203	64,651	848,854
Retainages Payable	213,895	-	213,895
Accrued Liabilities	205,356	32,125	237,481
Accrued Interest Payable	44,573	10,152	54,725
Deposits and Reserves	418,570	-	418,570
Unearned Revenues	15,240	22,500	37,740
Noncurrent Liabilities:			
Due Within One Year	1,773,064	214,066	1,987,130
Due In More Than One Year	11,276,460	3,323,610	14,600,070
Total Liabilities	14,731,361	3,667,104	18,398,465
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,915,897	40,311	2,956,208
Deferred Gain on Advance Refunding of Debt	-	7,389	7,389
Total Deferred Inflows of Resources	2,915,897	47,700	2,963,597
NET POSITION			
Net Investment in Capital Assets	36,904,217	1,761,245	38,665,462
Restricted For:			
Emergencies	428,947	-	428,947
Urban Renewal	216,002	-	216,002
Water Projects	1,780,636	-	1,780,636
Debt Service	1,015,589	-	1,015,589
Capital Improvements	2,530,266	-	2,530,266
Purposes of Grantors	458,330	-	458,330
Unrestricted	13,544,676	943,960	14,488,636
Total Net Position	$ 56,878,663	$ 2,705,205	$ 59,583,868

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

TOWN OF AVON, COLORADO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 3,400,499	$ 183,969	$ -	$ -
Community Development	421,554	225,778	-	-
Public Safety	2,554,404	52,649	39,607	883
Public Works and Utilities	5,479,239	278,662	-	1,695,097
Recreation and Culture	2,737,458	1,116,947	-	19,357
Interest and Fiscal Charges on Long-term Debt	516,160	-	-	-
Total Governmental Activities	15,109,314	1,858,005	39,607	1,715,337
Business-type Activities:				
Transportation	1,083,097	91,141	-	305,351
Fleet Maintenance	1,382,954	1,044,788	-	-
Total Business-type Activities	2,466,051	1,135,929	-	305,351
Total Primary Government	$ 17,575,365	$ 2,993,934	$ 39,607	$ 2,020,688
General Revenues:				
Property Taxes				
Real Estate Transfer Taxes				
Sales and Accommodation Taxes				
Other Taxes				
Unrestricted Investment Earnings				
Unrestricted Intergovernmental Revenues				
Loss on Disposal of Capital Assets				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Increase (Decrease) in Net Position				
Net Position - Beginning of Year (As Originally Reported)				
Change in Accounting Principle (Note 14)				
Net Position - Beginning of Year (Restated)				
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
$ (3,216,530)	$ -	$ (3,216,530)
(195,776)	-	(195,776)
(2,461,265)	-	(2,461,265)
(3,505,480)	-	(3,505,480)
(1,601,154)	-	(1,601,154)
(516,160)	-	(516,160)
(11,496,365)	-	(11,496,365)
-	(686,605)	(686,605)
-	(338,166)	(338,166)
-	(1,024,771)	(1,024,771)
(11,496,365)	(1,024,771)	(12,521,136)
3,027,319	40,032	3,067,351
1,707,648	-	1,707,648
6,340,557	-	6,340,557
499,114	-	499,114
37,827	-	37,827
839,112	-	839,112
(30,857)	(291,485)	(322,342)
344,503	-	344,503
(910,000)	910,000	-
11,855,223	658,547	12,513,770
358,858	(366,224)	(7,366)
56,772,875	3,137,665	59,910,540
(253,070)	(66,236)	(319,306)
56,519,805	3,071,429	59,591,234
$ 56,878,663	$ 2,705,205	$ 59,583,868

TOWN OF AVON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Avon Urban Renewal Fund	Water Fund	Debt Service Fund	Capital Projects Fund
ASSETS					
Cash and Cash Equivalents	$ 878,548	$ 339,362	$ 1,760,029	$ -	$ 1,789,789
Investments	2,507,442	-	-	-	1,780,024
Receivables:					
- Interest	3,462	136	-	-	2,801
- Taxes	2,784,406	753,921	-	546,132	34,826
- Accounts	62,260	-	-	-	14,751
- Intergovernmental	114,765	-	26,759	-	850,102
- Employees	12,345	-	-	-	-
Due from Other Funds	103,000	-	-	-	-
Deposits	17,547	-	-	-	-
Notes Receivable	-	-	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	552,525	-	510,337	2,530,266
Total Assets	$ 6,483,775	$ 1,645,944	$ 1,786,788	$ 1,056,469	$ 7,002,559
LIABILITIES					
Accounts Payable	$ 162,548	$ 11,920	$ 4,931	$ 2,700	$ 602,104
Retainages Payable	-	-	-	-	213,895
Accrued Liabilities	200,529	3,606	1,221	-	-
Compensated Absences Payable	94,519	-	-	-	-
Deposits and Reserves	418,570	-	-	-	-
Due to Other Funds	-	3,000	-	-	-
Unearned Revenues	15,240	-	-	-	-
Total Liabilities	891,406	18,526	6,152	2,700	815,999
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Notes Receivable	-	-	-	-	-
Unavailable Revenue - Property Taxes	1,615,844	753,921	-	546,132	-
Total Deferred Inflows of Resources	1,615,844	753,921	-	546,132	-
FUND BALANCES					
Restricted For:					
Emergencies	428,947	-	-	-	-
Urban Renewal	-	216,002	-	-	-
Water Projects	-	-	1,780,636	-	-
Debt Service	-	552,525	-	507,637	-
Capital Improvements	-	-	-	-	2,530,266
Community Enhancement	-	-	-	-	-
Committed To:					
Capital Improvements	-	-	-	-	3,656,294
Assigned For:					
Capital Improvements	-	104,970	-	-	-
Deferred Maintenance	413,251	-	-	-	-
Affordable Housing	-	-	-	-	-
Unassigned	3,134,327	-	-	-	-
Total Fund Balances	3,976,525	873,497	1,780,636	507,637	6,186,560
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,483,775	$ 1,645,944	$ 1,786,788	$ 1,056,469	$ 7,002,559

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, 2012

Other Governmental Funds	Total		
$ 957,906	$ 5,725,634	Total Governmental Fund Balances	$ 14,355,623
-	4,287,466		
		Amounts reported for governmental activities in the Statement of Net Position are different because:	
-	6,399		
-	4,119,285		
72,862	149,873	Capital assets used in governmental activities are not financial resources and therefore are not reported as an asset in the governmental funds.	
-	991,626	- Capital assets	85,134,172
-	12,345	- Accumulated depreciation	(38,353,296)
-	103,000		46,780,876
-	17,547		
250,481	250,481		
-	3,593,128	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.	
$ 1,281,249	$ 19,256,784	- Bonds payable	(2,773,729)
		- Capital lease obligations payable	(109,777)
$ -	$ 784,203	- Loans payable	(6,295,000)
-	213,895	- Certificates of Participation payable	(3,075,000)
-	205,356	- Compensated absences payable	(278,734)
-	94,519		(12,532,240)
-	418,570		
-	3,000	Notes receivable are not available to pay for current period expenditures and are deferred in the governmental funds.	250,481
-	15,240		
-	1,734,783	Long-term receivables which are not available to pay for current period expenditures and are not reported in the governmental funds.	3,522,309
250,481	250,481	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.	(44,573)
-	2,915,897		
250,481	3,166,378		
		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.	4,546,187
-	428,947		
-	216,002		
-	1,780,636	**Net Position of Governmental Activities**	$ 56,878,663
-	1,060,162		
-	2,530,266		
458,330	458,330		
-	3,656,294		
-	104,970		
-	413,251		
572,438	572,438		
-	3,134,327		
1,030,768	14,355,623		
$ 1,281,249	$ 19,256,784		

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Avon Urban Renewal Fund	Water Fund	Debt Service Fund	Capital Projects Fund
Revenues					
Taxes	$ 8,561,561	$ 743,212	$ -	$ 562,217	$ 1,707,648
Licenses and Permits	207,670	-	-	-	-
Intergovernmental	886,942	-	-	-	1,707,114
Charges for Services	1,268,889	-	204,663	-	-
Fines and Forfeitures	151,533	-	-	-	-
Investment Earnings	21,155	4,378	-	957	11,018
Other Revenues	269,714	-	1,233	-	694
Total Revenues	11,367,464	747,590	205,896	563,174	3,426,474
Expenditures					
Current:					
General Government	2,973,211	-	-	-	-
Community Development	421,133	-	-	-	-
Public Safety	2,551,488	-	-	-	-
Public Works and Utilities	2,780,096	295,814	116,853	-	-
Recreation and Culture	2,148,410	-	-	-	-
Capital Improvements	-	53,773	-	-	4,033,310
Debt Service:					
Principal	-	270,000	-	970,000	-
Interest	-	193,565	-	276,890	-
Fiscal Charges	-	29,829	-	13,793	-
Total Expenditures	10,874,338	842,981	116,853	1,260,683	4,033,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	493,126	(95,391)	89,043	(697,509)	(606,836)
Other Financing Sources (Uses)					
Transfers In	217,204	15,000	-	710,594	648,273
Transfers Out	(925,000)	-	(648,273)	-	(927,798)
Total Other Financing Sources (Uses)	(707,796)	15,000	(648,273)	710,594	(279,525)
Net Change in Fund Balances	(214,670)	(80,391)	(559,230)	13,085	(886,361)
Fund Balances, Beginning of Year	4,191,195	953,888	2,339,866	494,552	7,072,921
Fund Balances, End of year	$ 3,976,525	$ 873,497	$ 1,780,636	$ 507,637	$ 6,186,560

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, 2012

Other Governmental Funds	Total		
$ -	$ 11,574,638	Net change in fund balances - Total Governmental Funds	$ (1,733,942)
-	207,670	***Amounts reported for governmental activities in the Statement of Activities are different because:***	
-	2,594,056		
-	1,473,552	Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than the 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:	
-	151,533		
319	37,827	- Capital outlay	3,664,531
109,006	380,647	- Depreciation	(2,650,796)
			1,013,735
109,325	16,419,923	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.	
		- Change in compensated absences payable	83,120
115,700	3,088,911	- Change in accrued interest payable on outstanding bonds	5,902
-	421,133	- Amortization of deferred loss on refunding and bond premium	(7,985)
-	2,551,488		81,037
-	3,192,763	Down payment assistance to employees in the form of notes receivable is reported in the governmental funds as expenditures. However, these transactions have no effect on net position.	114,000
-	2,148,410		
-	4,087,083		
-	1,240,000	Write-off of long-term receivables which are not available to pay for current period expenditures and are not reported in the governmental funds.	
-	470,455		
-	43,622		
		- Accounts Receivable - Traer Creek Metropolitan District	(311,512)
115,700	17,243,865	- Affordable Housing Notes Receivable	(115,000)
			(426,512)
(6,375)	(823,942)	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	(36,144)
-	1,591,071	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:	
-	(2,501,071)		
		- Capital lease principal payments	124,228
-	(910,000)	- Certificates of Participation retirements	120,000
(6,375)	(1,733,942)	- Loan principal retirements	270,000
		- Bond principal retirements	850,000
1,037,143	16,089,565		1,364,228
$ 1,030,768	$ 14,355,623	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.	(17,544)
		Change in Net Positon of Governmental Activities	$ 358,858

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 584,455	$ -	$ 584,455	$ 2,169,340
Receivables:				
- Taxes	40,311	-	40,311	-
- Accounts	-	3,942	3,942	-
- Intergovernmental	-	72,677	72,677	-
Due From Other Funds	120,762	-	120,762	-
Inventory	-	548,602	548,602	-
Total Current Assets	745,528	625,221	1,370,749	2,169,340
Capital Assets:				
- Land	-	130,384	130,384	-
- Buildings	16,650	5,628,107	5,644,757	1,703,458
- Machinery and Equipment	3,179,311	287,309	3,466,620	5,265,180
- Accumulated Depreciation	(1,585,641)	(2,386,098)	(3,971,739)	(4,225,342)
Net Capital Assets	1,610,320	3,659,702	5,270,022	2,743,296
Total Assets	2,355,848	4,284,923	6,640,771	4,912,636
LIABILITIES				
Current Liabilities:				
Accounts Payable	29,505	35,146	64,651	-
Accrued Liabilities	16,840	15,285	32,125	-
Accrued Interest Payable	-	10,152	10,152	-
Compensated Absenses Payable	14,039	22,249	36,288	-
Due to Other Funds	-	220,762	220,762	-
Unearned Revenue	22,500	-	22,500	-
Certificates of Participation - Current	-	127,496	127,496	-
Capital Leases Payable - Current	50,282	-	50,282	54,545
Total Current Liabilities	133,166	431,090	564,256	54,545
Noncurrent Liabilities:				
Certificates of Participation	-	3,047,118	3,047,118	-
Capital Leases Payable	276,492	-	276,492	311,904
Total Noncurrent Liabilities	276,492	3,047,118	3,323,610	311,904
Total Liabilities	409,658	3,478,208	3,887,866	366,449
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	40,311	-	40,311	-
Unamortized Gain on Advance Refunding of Debt	-	7,389	7,389	-
Total Deferred Inflows of Resources	40,311	7,389	47,700	-
NET POSITION				
Net Investment in Capital Assets	1,283,546	477,699	1,761,245	2,376,847
Unrestricted	622,333	321,627	943,960	2,169,340
Total Net Position	$ 1,905,879	$ 799,326	$ 2,705,205	$ 4,546,187

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, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
Operating Revenues:				
Charges for Services	$ 87,969	$ 1,031,412	$ 1,119,381	$ 447,199
Other Operating Revenues	3,172	13,376	16,548	-
Total Operating Revenues	91,141	1,044,788	1,135,929	447,199
Operating Expenses:				
Cost of Operations	902,505	1,101,983	2,004,488	25,751
Depreciation and Amortization	180,592	153,731	334,323	468,032
Total Operating Expenses	1,083,097	1,255,714	2,338,811	493,783
Operating Income (Loss)	(991,956)	(210,926)	(1,202,882)	(46,584)
Nonoperating Revenues (Expenses):				
Taxes	40,032	-	40,032	-
Capital Grants	305,351	-	305,351	-
Loss on Disposal of Capital Assets	-	(291,485)	(291,485)	(30,857)
Interest Expense	-	(127,240)	(127,240)	-
Total Nonoperating Revenues (Expenses)	345,383	(418,725)	(73,342)	(30,857)
Loss Before Contributions and Transfers	(646,573)	(629,651)	(1,276,224)	(77,441)
Capital Contributions and Transfers				
Contributed Capital	-	-	-	59,897
Transfers In	810,000	100,000	910,000	-
Total Capital Contributions and Transfers	810,000	100,000	910,000	59,897
Change in Net Position	163,427	(529,651)	(366,224)	(17,544)
Net Position, Beginning of Year (As Originally Reported)	1,742,452	1,395,213	3,137,665	4,563,731
Change in Accounting Principle (Note 14)	-	(66,236)	(66,236)	-
Net Position, Beginning of Year (Restated)	1,742,452	1,328,977	3,071,429	4,563,731
Net Position, End of Year	$ 1,905,879	$ 799,326	$ 2,705,205	$ 4,546,187

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, 2012

	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	$ 90,969	$ 627,738	$ 718,707	$ -
Cash Received from Interfund Services Provided	-	406,894	406,894	447,199
Cash Payments to Suppliers	(417,295)	(521,330)	(938,625)	(28,314)
Cash Payments to Employees	(405,252)	(548,870)	(954,122)	-
Cash Payments for Interfund Services Used	(91,231)	(33,502)	(124,733)	-
Other Operating Revenues	3,172	13,376	16,548	-
Net Cash Provided by (Used in) Operating Activities	(819,637)	(55,694)	(875,331)	418,885
Cash Flows From Noncapital Financing Activities				
Taxes Received	40,032	-	40,032	-
Borrowings from Other Funds	(120,762)	120,762	-	-
Transfers In from Other Funds	810,000	100,000	910,000	-
Net Cash Provided by Noncapital Financing Activities	729,270	220,762	950,032	-
Cash Flows From Capital Financing Activities				
Acquisition and Construction of Capital Assets	(375,470)	(19,520)	(394,990)	(540,935)
Proceeds from Capital Grants	305,351	-	305,351	-
Proceeds from Sales of Capital Assets	-	-	-	89,400
Proceeds from Capital Leases	-	-	-	217,004
Interest Paid on Long-term Debt	-	(130,906)	(130,906)	-
Principal Paid on Long-term Debt	(48,728)	(125,000)	(173,728)	-
Net Cash Used in Capital Financing Activities	(118,847)	(275,426)	(394,273)	(234,531)
Net Increase (Decrease) in Cash and Cash Equivalents	(209,214)	(110,358)	(319,572)	184,354
Cash and Cash Equivalents, Beginning of Year	793,669	110,358	904,027	1,984,986
Cash and Cash Equivalents, End of Year	$ 584,455	$ -	$ 584,455	$ 2,169,340

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)	$ (991,956)	$ (210,926)	$ (1,202,882)	$ (46,584)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	180,592	153,731	334,323	468,032
Change in Assets and Liabilities:				
Increase in Accounts Receivable	-	(3,542)	(3,542)	-
Decrease in Intergovernmental Receivable	19,500	6,762	26,262	-
Decrease in Inventory	-	7,632	7,632	-
Increase (Decrease) in Accounts Payable	(1,827)	1,586	(241)	(2,563)
Increase (Decrease) in Accrued Liabilities	1,855	(3,483)	(1,628)	-
Decrease in Compensated Absences Payable	(11,301)	(7,454)	(18,755)	-
Decrease in Unearned Revenue	(16,500)	-	(16,500)	-
Total Adjustments	172,319	155,232	327,551	465,469
Net Cash Provided by (Used in) Operating Activities	$ (819,637)	$ (55,694)	$ (875,331)	$ 418,885
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Noncash Transactions Affecting Financial Position				
Contributions of Capital Assets from Governmental Activities	$ -	$ -	$ -	$ 59,897

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 is -

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.

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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 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 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 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.

Town Charter and Colorado State statutes authorize the Town to invest its excess funds in direct U.S. Government securities, agencies, bonds and other obligations of states and political subdivisions, corporate bonds, money market mutual funds, and local government investment pools. Investments are stated at fair value on the balance sheet except for money-market investments that have a remaining maturity at time of purchase of one year or less. 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 $510,337 are reported in the Debt Service Fund. This amount consists of a $510,285 required debt service reserve account and an additional $52 in a certificate account for the Series 2010 Certificates of Participation.

Both of these accounts are held in the trust department of UMB. Restricted assets in the amount of $552,525 are reported in the Avon Urban Renewal Fund. This amount consists of a restricted Vectra Bank certificate of deposit issued from the proceeds of a $7.2 million loan entered into by the Authority in May, 2009. Restricted assets in the amount of $2,530,266 are reported in the Capital Projects Fund. This amount consists of net proceeds from the issuance of the aforementioned Certificates of Participation and are restricted for use as defined in the issuance documents.

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, 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 and Facilities	20-50 years
Infrastructure	20-100 years
Vehicles and Rolling Stock	7-15 years
Machinery and Equipment	7-10 years

Deferred Outflows/Inflows of Resources. In addition to assets, , the government-wide and proprietary funds statements of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category – *deferred loss on advance refunding of debt* reported in the government-wide statement of net position. A deferred loss on advance refunding of debt results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding bonds.

In addition to liabilities, 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.

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 fixed 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 8).

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 $69,659 (net of accumulated amortization of $56,992) are reflected in noncurrent liabilities. Premiums are amortized over the remaining lives of the related debt issues using the straight-line method, which approximates 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 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 (i.e. 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.

For the year ended December 31, 2012, the Town incurred expenditures in excess of appropriations, in the following fund: Urban Renewal Authority - $9,100.

According to Colorado State Statute these may be violations of the Local Government Budget Law.

Note 3. Cash and Investments

Cash and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	$ 8,479,429
Investments	4,287,466
Restricted Assets - Cash and Cash Equivalents	3,593,128
Total	$ 16,360,023

Cash and investments as of December 31, 2012 consist of the following:

Cash on Hand	$ 4,775
Deposits With Financial Institutions	906,587
Investments	15,448,661
Total	$ 16,360,023

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.**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Federal Instrumentality 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
Money Market Funds	N/A	None	None
Time Certificates of Deposit	1 year	None	None

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 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:

Investment Type		Weighted Average Maturity (in Years)
Treasury Notes	$ 1,780,024	1.25
Federal Instrumentality Securities:		
Federal Home Loan Bank	1,001,266	.68
Federal National Mortgage Assn.	1,506,176	1.94
Local Government Investment Pools	9,899,017	NA
Money Market Funds	751,841	NA
Held by Bond Trustee:		
Local Government Investment Pools	510,337	NA
Total	$15,448,661	

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 or obligations explicitly 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, 2012.

Ratings Moody's/S&P/Fitch	Local Government Investment Pools	Money Market Funds
Aaa / AAAm / AAA/V-1+	$10,409,354	$751,841

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, 2012.

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:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal Home Loan Bank.	Federal Instrumentality Securities	$ 1,001,266	6.71%
Federal National Mortgage Assn.	Federal Instrumentality Securities	1,506,176	10.08%

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 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.

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. The Town's depository bank, FirstBank of Avon, had a rating of 70 as of September 30, 2012.

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 operate similarly to a money market fund and each share is equal in value to $1.00. 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, 2012, the Town of Avon held investments in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust offers shares in two portfolios, Prime and Plus. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 8,838,724	$ -	$ -	$ 8,838,724
Public Art	1,361,400	-	-	1,361,400
Water Rights	1,792,959	-	-	1,792,959
Construction in Progress	1,665,580	3,664,531	(925,639)	4,404,472
Total Capital Assets, Not Being Depreciated	13,658,663	3,664,531	(925,639)	16,397,555
Capital Assets, Being Depreciated:				
Buildings	14,351,389	5,500	(11,095)	14,345,794
Utilities	4,484,891	-	-	4,484,891
Machinery and Equipment	5,072,596	556,468	(363,884)	5,265,180
Infrastructure	50,683,751	925,639	-	51,609,390
Total Capital Assets, Being Depreciated	74,592,627	1,487,607	(374,979)	75,705,255
Less Accumulated Depreciation:				
Buildings	(6,411,950)	(516,237)	3,144	(6,925,043)
Utilities	(192,344)	(209,829)	-	(402,173)
Machinery and Equipment	(3,232,818)	(375,456)	251,579	(3,356,695)
Infrastructure	(29,877,420)	(2,017,307)	-	(31,894,727)
Total Accumulated Depreciation	(39,714,532)	(3,118,829)	254,723	(42,578,638)
Total Capital Assets, Being Depreciated, Net	34,878,095	(1,631,222)	(120,256)	33,126,617
Governmental Activities Capital Assets, Net	$ 48,536,758	$ 2,033,309	$ (1,045,895)	$ 49,524,172

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 130,384	$ -	$ -	$ 130,384
Capital Assets, Being Depreciated:				
Buildings	6,292,948	-	(648,191)	5,644,757
Machinery and Equipment	3,081,382	394,990	(9,752)	3,466,620
Total Capital Assets, Being Depreciated	9,374,330	394,990	(657,943)	9,111,377
Less Accumulated Depreciation:				
Buildings and Facilities	(2,431,508)	(138,108)	356,705	(2,212,911)
Machinery and Equipment	(1,572,366)	(196,215)	9,753	(1,758,828)
Total Accumulated Depreciation	(4,003,874)	(334,323)	366,458	(3,971,739)
Total Capital Assets, Being Depreciated, Net	5,370,456	60,667	(291,485)	5,139,638
Business-type Activities Capital Assets, Net	$ 5,500,840	$ 60,667	$ (291,485)	$ 5,270,022

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

Governmental Activities:	
General Government	$ 47,794
Public Safety	60,864
Public Works and Utilities, including depreciation of general infrastructure assets	1,974,153
Recreation and Culture	567,985
Total Depreciation Expense – Governmental Activities	$ 2,650,796
Business-type Activities:	
Transportation	$ 180,592
Fleet Maintenance	153,731
Total Depreciation Expense – Business-type Activities	$ 334,323

Note 5. Long-term Debt

General Obligation Bonds. The Town has issued general obligation bonds in order to provide funds for the acquisition and construction of major capital facilities and to refund outstanding general obligation bonds. These bonds are direct obligations and pledge the full faith and credit of the Town and are ultimately secured by the Town's general ad valorem tax collections.

General obligation bonds currently outstanding at December 31, 2012, are as follows:

Purpose	Interest Rates	Amount
General Government - Refunding	3.45% - 4.00%	$ 1,935,000

Annual debt service requirements to maturity for general obligation bonds outstanding at December 31, 2012, are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2013	$ 455,000	$ 73,710
2014	475,000	58,012
2015	490,000	40,200
2016	515,000	20,600
Total	$ 1,935,000	$ 192,522

Revenue Bonds. The Town has issued bonds whereby the bonds are payable solely from and secured by an irrevocable first lien on the Town's sales tax revenues. These revenue bonds were issued to refund previously issued revenue bonds that were used for construction of a recreation center and for acquisition of land for a public works and transportation facility.

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

The Series 2009 Loan is payable from property tax increment revenues that represent that portion of ad valorem property taxes produced by levies at the rates fixed each year by the various taxing jurisdictions within or overlapping the Project Area upon that portion of the assessed valuation of taxable property within the Project Area which is in excess of the Property Tax Base Amount. The Property Tax Base Amount is the amount certified by the County Assessor as the assessed value of taxable property within the Project Area prior to the adoption of the Urban Renewal Plan.

The Series 2009 Loan bears an initial interest rate of 4.25% and adjusts annually commencing on June 1, based upon the one-year LIBOR swap rate plus two percent (2%). The rate at December 31, 2012 was 3.0707%.

Revenue bonds and loans outstanding at December 31, 2012, are as follows:

Purpose	Interest Rates	Amount
General Government – Refunding	4.55%	$ 870,000
General Government – Avon Urban Renewal Authority	Variable	6,295,000
Total		$ 7,165,000

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2012, are as follows:

Year Ending December 31	Avon Urban Renewal Authority Principal	Governmental Activities Principal	Governmental Activities Interest
2013	$ 280,000	$ 425,000	$ 39,585
2014	295,000	445,000	20,248
2015	305,000	-	-
2016	320,000	-	-
2017	335,000	-	-
2018-2022	1,900,000	-	-
2023-2027	2,330,000	-	-
2028	530,000	-	-
Total	$ 6,295,000	$ 870,000	$ 59,833

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 and are reported as Capital Leases Payable.

On November 16, 2010, the Town issued $6,680,000 of Series 2010 Certificates and Participation with interest rates of 2% to 5%. 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 will be used to construct, install, equip and furnish capital improvements within the Town of Avon.

Certificates of Participation outstanding at December 31, 2012, are as follows:

Purpose	Interest Rates	Amount
General Government – Refunding and Capital	2.0% - 5.00%	$ 6,205,000

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2012, are as follows:

Year Ending	Governmental Activities		Business Activities	
December 31	Principal	Interest	Principal	Interest
2013	$ 125,000	$ 126,081	$ 125,000	128,406
2014	125,000	123,581	130,000	125,906
2015	130,000	119,831	135,000	122,006
2016	135,000	115,931	135,000	117,956
2017	140,000	111,881	140,000	113,906
2018-2022	770,000	484,457	780,000	494,057
2023-2027	960,000	291,400	980,000	297,725
2028-2030	690,000	63,000	705,000	64,350
Total	$ 3,075,000	$ 1,436,162	$ 3,130,000	$ 1,464,312

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 $508,125. Equipment totaling $157,293 was sold in 2012 leaving a book value net of accumulated depreciation for the remaining equipment at December 31, 2012 of $187,132. The remaining obligation is due in two annual installments of $58,020.19 through December, 2014. Amortization is based on an interest rate of 3.78%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2012, is $109,778.
- Lease obligation for equipment with a total cost of $563,811 and a book value net of accumulated depreciation at December 31, 2012 of $514,067. Due in fourteen semi-annual installments of $45,210 through December, 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, 2012, is $490,646.
- Lease obligation for equipment with a total cost of $217,004 and a book value net of accumulated depreciation at December 31, 2012 of $211,666. Due in fourteen annual installments of $16,803.27 through December, 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, 2012, is $202,577.

Annual debt service requirements to maturity for Capital Lease Obligations outstanding at December 31, 2012, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	$ 108,416	$ 13,410	$ 50,282	$ 9,938
2014	111,902	9,925	51,884	8,336
2015	57,484	6,322	53,537	6,683
2016	59,014	4,792	55,244	4,976
2017	60,587	3,219	57,005	3,215
2018-2019	78,823	1,786	58,822	1,398
Total	$ 476,226	$ 39,454	$ 326,774	$ 34,546

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
- General Obligation Bonds	$ 2,380,000	$ -	$ 445,000	$ 1,935,000	$ 455,000
- Revenue Bonds	1,275,000	-	405,000	870,000	425,000
- Certificates of Participation	3,195,000	-	120,000	3,075,000	125,000
	6,850,000	-	970,000	5,880,000	1,005,000
- Bond Premium	31,440	-	6,395	25,045	6,395
Total Bonds Payable	6,881,440	-	976,395	5,905,045	1,011,395
Loans Payable	6,565,000	-	270,000	6,295,000	280,000
Capitalized Leases Payable	422,314	217,004	163,092	476,226	108,416
Compensated Absences	361,854	527,761	516,362	373,253	373,253
Governmental Activity Long-term Liabilities	$14,230,608	$ 744,765	$ 1,925,849	$13,049,524	$ 1,773,064
Business-type Activities:					
Certificates of Participation	$ 3,255,000	$ -	$ 125,000	$ 3,130,000	$ 125,000
Bond Premium	47,110	-	2,496	44,614	2,496
Total Bonds Payable	3,302,110	-	127,496	3,174,614	127,496
Capitalized Leases Payable	375,502	-	48,728	326,774	50,282
Compensated Absences	55,043	69,968	88,723	36,288	36,288
Business-type Activity Long-term Liabilities	$ 3,732,655	$ 69,968	$ 264,947	$ 3,537,676	$ 218,066

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, 2012, 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, 2012, there was $14,910,000 outstanding in Multifamily Housing Project Revenue Refunding Bonds, Series 2006A and Series 2006B.

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. As of December 31, 2012, there was $8,330,000 outstanding in Series 2003 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. Multifamily housing project revenue bonds were issued by Buffalo Ridge Affordable Housing Corporation to finance this project. Pursuant to the plan of financing, this project

will be transferred to the Town of Avon upon the repayment in full of the outstanding bonds. As of December 31, 2012, there was $9,490,000 outstanding in Buffalo Ridge Affordable Housing Corporation Multifamily Housing Project Revenue Bonds. The Town is in no way obligated to pay the debt service on the bonds.

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. In addition to the outstanding debt discussed above, other bonds previously issued by the Town have been defeased (debt legally satisfied) by the issuance of refunding bonds. The detail of defeased bonds outstanding at December 31, 2012, is as follows:

Series 1994, Town of Avon Sales Tax Revenue Bonds	595,000
Series 1994B, Town of Avon Sales Tax Revenue Bonds	280,000
Series 1996B, Town of Avon General Obligation Bonds	1,955,000

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 22 participants, and (2) the Town of Avon General Employee Money Purchase Pension Plan of which there are 97 participants. These plans are administered by Wells Fargo Institutional Trust 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.

During each of the last three years plan forfeitures were used to offset Town contributions. Contributions made by employees and the Town for the three years ended December 31, 2012, are as follows:

	2012	2011	2010
Employee Contributions	$ 516,858	$ 536,403	$592,179
Town Contributions	$ 516,858	$ 433,116	$ 365,179
	66,423	103,287	277,000
Forfeitures	$ 583,281	$ 536,403	$ 592,179

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 2012.

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, 2012, are as follows:

	2012	2011	2010
Employees	$39,347	$41,786	$37,516
Town	$29,997	$28,119	$31,392

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. 261 employees participate 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, 2012 there were 46 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 $1,135,693. Settled benefit claims did not exceed the aggregate total yearly claims for 2012. As of December 31, 2012, the Town held reserves for future claims in the amount of $282,860.

The following represents the changes in the claims reserve for the Town for 2012 and 2011:

	2012	2011
Claims Reserve for Future Claims, Beginning of Year	$ 418,487	$ 201,854
Current Year Deposits for Estimated Claims	1,235,121	1,153,645
Excess Stop Loss Refunds for Specific (Individual) Claims	454,735	19,971
Claim Payments	(1,825,483)	(956,983)
Claims Reserve for Future Claims, End of Year	$ 282,860	$ 418,487

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

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, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Main Street Maintenance Fund	$ 3,000
General Fund	Fleet Maintenance Fund	100,000
Total		$ 103,000

Interfund Transfers:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	$ 217,204	$ 925,000
Urban Renewal Authority Fund	15,000	-
Water Fund	-	648,273
Debt Service Fund	710,594	-
Capital Projects Fund	648,273	927,798
Transit Enterprise Fund	810,000	-
Fleet Maintenance Fund	100,000	-
	2,501,071	2,501,071
Transfer In of Non-financial Resources To Internal Service Fund	59,897	-
Total	$ 2,560,968	$ 2,501,071

In the fund financial statements, total transfers in of $2,560,968 are greater than total transfers out of $2,501,071 because of the treatment of transfers of non-financial resources to the internal service fund. During the year, capital assets purchased in 2012 related to governmental funds, with a book value of $59,897 were transferred to 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 currently involved in two pieces of litigation pending in Eagle County District Court involving The Village (at Avon) Project (the "Project"). The matters, captioned *Town of Avon v. Traer Creek Metropolitan District* and *Traer Creek LLC et al. v. Town of Avon et al.,* are proceeding on a consolidated basis under case number 2008CV0385. The Town seeks payment from the Traer Creek Metropolitan District for municipal services provided to the Project by the Town, certain sales tax indemnity payments and an exaction payment. It seeks these same payments from Traer Creek LLC. The amount claimed is disputed, but exceeds $3.8 million with applicable interest. The Town has high confidence that it will receive a judgment against Traer Creek Metropolitan District. The collectability of the judgment is uncertain at this time. Traer Creek LLC and

others have sued the Town for breach of the Annexation and Development Agreement governing the Project, and for alleged constitutional claims related to the Town's alleged improper processing of development applications. Traer Creek has alleged damages in excess of $50 million. The Town is vigorously defending these claims, and based on discovery conducted to date, the Town believes that both the legal claims and the alleged damages lack substantial justification. The Town has also countersued Traer Creek and others claiming various breaches of the Annexation and Development Agreement and related agreements. The case is currently stayed pending the completion of a complex global settlement agreement with numerous contingencies. The District Court is conducting regular status conferences, and the Town is hopeful that all contingencies can be satisfied such that further litigation of this matter is not required. However, until all contingencies are satisfied and the case is dismissed with prejudice, the above described claims and counterclaims are capable of assertion. Because the case is stayed, no trial date has been set and no active litigation activities are occurring at this time.

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 shortfalls, or salary or benefit increases. The Town has established an emergency reserve in the General Fund for the year ended December 31, 2012 in the amount of $428,947.

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 209 municipalities and 37 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 $156,763 for 2012. 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.

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, 2012, 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 2012, the Authority collected $148,233 in water surcharges for the Town.

Note 13. Major Taxpayers

For the year ended December 31, 2012 approximately 50% of the Town's sales tax revenues were received from the ten highest-paying companies.

Note 14. Change in Accounting Principle

In March, 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of net position to classification as either deferred outflows/inflows of resources or recognition as revenue or expense. In addition, GASB Statement No. 65 requires debt issuance costs, previously reported as an asset and amortized, to be recognized as an outflow at the time such costs are incurred. As such, the government-wide statement of activities report a restatement of the beginning net position in the amounts of $253,050 and $66,236 for its governmental activities and business activities, respectively, which represents unamortized debt issuance costs at December 31, 2012.

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 9,240,349	8,646,022	$ 8,561,561	$ (84,461)
Licenses and Permits	265,600	195,600	207,670	12,070
Intergovernmental	909,931	901,892	886,942	(14,950)
Charges for Services	1,731,196	1,282,101	1,268,889	(13,212)
Fines and Forfeitures	204,250	173,750	151,533	(22,217)
Investment Earnings	85,000	50,000	21,155	(28,845)
Other Revenues	293,680	276,180	269,714	(6,466)
Total Revenues	12,730,006	11,525,545	11,367,464	(158,081)
Expenditures				
Current:				
General Government	2,696,050	2,869,641	2,973,211	(103,570)
Community Development	530,633	431,971	421,133	10,838
Public Safety	2,518,896	2,568,767	2,551,488	17,279
Public Works	3,020,513	3,063,376	2,780,096	283,280
Recreation and Culture	2,358,678	2,274,856	2,148,410	126,446
Total Expenditures	11,124,770	11,208,611	10,874,338	334,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,605,236	316,934	493,126	176,192
Other Financing Sources (Uses)				
Transfers In	178,857	217,204	217,204	-
Transfers Out	(952,000)	(925,000)	(925,000)	-
Sale of Capital Assets	1,500	71,500	-	(71,500)
Total Other Financing Sources (Uses)	(771,643)	(636,296)	(707,796)	(71,500)
Net Change in Fund Balances	833,593	(319,362)	(214,670)	104,692
Fund Balances, Beginning of Year	5,285,564	4,201,195	4,191,195	(10,000)
Fund Balances, End of year	$ 6,119,157	$ 3,881,833	$ 3,976,525	$ 94,692

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	$ 680,938	$ 759,390	$ 743,212	$ (16,178)
Investment Earnings	6,907	2,763	4,378	1,615
Total Revenues	687,845	762,153	747,590	(14,563)
Expenditures				
Current:				
General Government	30,000	950	-	950
Public Works and Utilities	289,933	290,020	295,814	(5,794)
Capital Improvements	500,000	50,000	53,773	(3,773)
Debt Service:				
Principal	270,000	270,000	270,000	-
Interest	198,172	193,565	193,565	-
Fiscal Charges	22,001	29,346	29,829	(483)
Total Expenditures	1,310,106	833,881	842,981	(9,100)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(622,261)	(71,728)	(95,391)	(23,663)
Other Financing Sources (Uses)				
Transfers In:				
General Fund	15,000	15,000	15,000	-
Community Enhancement Fund	250,000	-	-	-
Capital Projects Fund	300,000	300,000	-	(300,000)
Total Other Financing Sources (Uses)	565,000	315,000	15,000	(300,000)
Net Change in Fund Balances	(57,261)	243,272	(80,391)	(323,663)
Fund Balances, Beginning of Year	780,518	953,888	953,888	-
Fund Balances, End of year	$ 723,257	$ 1,197,160	$ 873,497	$ (323,663)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Charges for Services	$ 165,000	$ 180,892	$ 204,663	$ 23,771
Other Revenues	-	1,004	1,233	229
Total Revenues	165,000	181,896	205,896	24,000
Expenditures				
Current:				
Public Works and Utilities	114,238	127,004	116,853	10,151
Total Expenditures	114,238	127,004	116,853	10,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,762	54,892	89,043	34,151
Other Financing Sources (Uses)				
Transfers Out:				
Capital Projects Fund	(690,000)	(731,695)	(648,273)	83,422
Net Change in Fund Balances	(639,238)	(676,803)	(559,230)	117,573
Fund Balances, Beginning of Year	2,217,739	2,339,866	2,339,866	-
Fund Balances, End of year	$ 1,578,501	$ 1,663,063	$ 1,780,636	$ 117,573

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2012

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 (i.e. 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, 2012

	Special Revenue Funds		
	Community Enhancement Fund	Affordable Housing Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 385,468	$ 572,438	$ 957,906
Receivables:			
- Accounts	72,862	-	72,862
Notes Receivable	-	250,481	250,481
Total Assets	$ 458,330	$ 822,919	$ 1,281,249
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Notes Receivable	$ -	$ 250,481	$ 250,481
Total Deferred Inflows of Resources	-	250,481	250,481
FUND BALANCES			
Restricted For:			
Community Enhancement	458,330	-	458,330
Affordable Housing Programs	-	572,438	572,438
Total Fund Balances	458,330	572,438	1,030,768
Total Deferred Inflows of Resources and Fund Balances	$ 458,330	$ 822,919	$ 1,281,249

TOWN OF AVON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds		
	Community Enhancement Fund	Affordable Housing Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property Taxes	$ -	$ -	$ -
Investment Earnings	-	319	319
Other Revenues	72,862	36,144	109,006
Total Revenues	72,862	36,463	109,325
Expenditures			
Current:			
General Government	-	115,700	115,700
Total Expenditures	-	115,700	115,700
Net Change in Fund Balances	72,862	(79,237)	(6,375)
Fund Balances, Beginning of Year	385,468	651,675	1,037,143
Fund Balances, End of year	$ 458,330	$ 572,438	$ 1,030,768

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Other Revenues	$ 70,000	$ 75,000	$ 72,862	$ (2,138)
Total Revenues	70,000	75,000	72,862	(2,138)
Expenditures				
Current:				
Public Works and Utilities	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,000	75,000	72,862	(2,138)
Other Financing Sources (Uses):				
Transfers Out:				
Urban Renewal Authority	(250,000)	-	-	-
Capital Projects Fund	(100,000)	-	-	-
Total Other Financing Sources (Uses)	(350,000)	-	-	-
Net Change in Fund Balances	(280,000)	75,000	72,862	(2,138)
Fund Balances, Beginning of Year	381,085	385,468	385,468	-
Fund Balances, End of year	$ 101,085	$ 460,468	$ 458,330	$ (2,138)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Investment Earnings	$ -	$ -	$ 319	$ 319
Other Revenues	-	-	36,144	36,144
Total Revenues	-	-	36,463	36,463
Expenditures				
Current:				
General Government	1,700	115,700	115,700	-
Total Expenditures	1,700	115,700	115,700	-
Net Change in Fund Balances	(1,700)	(115,700)	(79,237)	36,463
Fund Balances, Beginning of Year	651,675	651,675	651,675	-
Fund Balances, End of year	$ 649,975	$ 535,975	$ 572,438	$ 36,463

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes:				
Property Taxes	$ 553,306	$ 553,306	$ 562,217	$ 8,911
Investment Earnings	1,350	900	957	57
Total Revenues	554,656	554,206	563,174	8,968
Expenditures				
Debt Service:				
Principal	970,000	970,000	970,000	-
Interest	276,892	276,892	276,890	2
Fiscal Charges	17,908	17,908	13,793	4,115
Total Expenditures	1,264,800	1,264,800	1,260,683	4,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(710,144)	(710,594)	(697,509)	13,085
Other Financing Sources (Uses)				
Transfers In:				
Capital Projects Fund	710,144	710,594	710,594	-
Total Other Financing Sources (Uses)	710,144	710,594	710,594	-
Net Change in Fund Balances	-	-	13,085	13,085
Fund Balances, Beginning of Year	508,700	494,552	494,552	-
Fund Balances, End of year	$ 508,700	$ 494,552	$ 507,637	$ 13,085

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes:				
Real Estate Transfer Tax	$ 1,273,838	$ 1,400,000	$ 1,707,648	$ 307,648
Intergovernmental	10,416,788	10,868,323	1,707,114	(9,161,209)
Investment Earnings	88,059	15,000	11,018	(3,982)
Other Revenues	1,500	1,500	694	(806)
Total Revenues	11,780,185	12,284,823	3,426,474	(8,858,349)
Expenditures				
Capital Projects:				
Facilities	11,542,322	11,970,832	3,110,537	8,860,295
Land and Land Improvements	1,000,000	1,000,000	575	999,425
Roads and Streets	2,260,000	2,230,000	230,403	1,999,597
Utilities	-	73,855	43,521	30,334
Water Fund Projects	690,000	678,305	648,274	30,031
Strategic Planning	650,000	-	-	-
Total Expenditures	16,142,322	15,952,992	4,033,310	11,919,682
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,362,137)	(3,668,169)	(606,836)	3,061,333
Other Financing Sources (Uses)				
Transfers In:				
Water Fund	690,000	731,695	648,273	(83,422)
Community Enhancement Fund	100,000	-	-	-
Transfers Out:				-
General Fund	(178,857)	(217,204)	(217,204)	-
Avon Urban Renewal Authority	(300,000)	(300,000)	-	300,000
Debt Service Fund	(710,144)	(711,494)	(710,594)	900
Total Other Financing Sources (Uses)	(399,001)	(497,003)	(279,525)	217,478
Net Change in Fund Balances	(4,761,138)	(4,165,172)	(886,361)	3,278,811
Fund Balances, Beginning of Year	6,990,992	7,072,741	7,072,921	180
Fund Balances, End of Year	$ 2,229,854	$ 2,907,569	$ 6,186,560	$ 3,278,991

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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.

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

Net Change in Fund Balances (Budgetary Basis)	$ (80,179)
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	375,470
Principal Paid on Capital Leases	48,728
Depreciation	(180,592)
Total Adjustments	243,606
Change in Net Position (GAAP Basis)	$ 163,427

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 40,371	$ 39,999	$ 40,032	$ 33
Intergovernmental	293,297	305,351	305,351	-
Charges for Service	88,000	88,000	87,969	(31)
Other Revenue	-	3,200	3,172	(28)
Total Revenues	421,668	436,550	436,524	(26)
Expenditures:				
Administration	106,180	100,280	82,646	17,634
Operations	1,285,427	1,284,124	1,244,057	40,067
Total Expenditures	1,391,607	1,384,404	1,326,703	57,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	(969,939)	(947,854)	(890,179)	57,675
Other Financing Sources (Uses):				
Transfers In:				
General Fund	837,000	810,000	810,000	-
Total Other Financing Sources (Uses)	837,000	810,000	810,000	-
Net Change in Fund Balances	(132,939)	(137,854)	(80,179)	57,675
Fund Balances, Beginning of Year	662,769	702,512	702,512	-
Fund Balances, End of Year	$ 529,830	$ 564,658	$ 622,333	$ 57,675

Fund Balances at December 31, 2012, is computed as follows:

Current Assets	$ 745,528
Less: Current Liabilities	(173,477)
Add: Current Portion of Capital Leases Payable	50,282
Fund Balances - December 31, 2012	$ 622,333

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services:				
Fleet Maintenance Charges	$ 1,262,575	$ 1,104,531	$ 981,040	$ (123,491)
Wash Bay Charges	64,874	45,298	41,235	(4,063)
Fuel Mark-up	55,000	25,000	9,137	(15,863)
Other Revenues	8,600	8,800	13,376	4,576
Total Revenues	1,391,049	1,183,629	1,044,788	(138,841)
Expenditures:				
Fleet Maintenance	1,634,252	1,377,336	1,366,968	10,368
Washbay	32,200	8,900	9,684	(784)
Total Expenditures	1,666,452	1,386,236	1,376,652	9,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,403)	(202,607)	(331,864)	(129,257)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	100,000	100,000	100,000	-
Net Change in Fund Balances	(175,403)	(102,607)	(231,864)	(129,257)
Fund Balances, Beginning of Year	605,804	553,491	553,491	-
Fund Balances, End of Year	$ 430,401	$ 450,884	$ 321,627	$ (129,257)

Fund Balances at December 31, 2012, is computed as follows:

Current Assets	$ 625,221
Less: Current Liabilities	(428,594)
Add: Current Portion of Certificates of Participation	125,000
Fund Balances - December 31, 2012	$ 321,627

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

Net Change in Fund Balances (Budgetary Basis)	$ (231,864)
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid on Certificates of Participation	125,000
Capitalization of Fixed Assets	19,520
Book Value of Capital Assets Disposed	(291,485)
Amortization of Premium and Gain on Advance Refunding of Debt	2,909
Depreciation	(153,731)
Total Adjustments	(297,787)
Change in Net Position (GAAP Basis)	$ (529,651)

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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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services:				
Equipment Replacement Charges	$ 447,199	$ 447,199	$ 447,199	$ -
Total Revenues	447,199	447,199	447,199	-
Expenditures:				
Capital Outlay:				
Fleet and Heavy Equipment	460,961	460,961	423,369	37,592
Recreation Center Equipment & Improvements	62,775	65,775	49,236	16,539
Computer and Office Equipment	75,156	71,288	75,081	(3,793)
Total Expenditures	598,892	598,024	547,686	50,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,693)	(150,825)	(100,487)	50,338
Other Financing Sources (Uses):				
Capital Lease Proceeds	260,000	260,000	217,004	(42,996)
Sales of Capital Assets	37,200	37,200	70,400	33,200
Total Other Financing Sources (Uses)	297,200	297,200	287,404	(9,796)
Net Change in Fund Balances	145,507	146,375	186,917	40,542
Fund Balances, Beginning of Year	1,959,491	1,982,423	1,982,423	-
Fund Balances, End of Year	$ 2,104,998	$ 2,128,798	$ 2,169,340	$ 40,542

Fund Balances at December 31, 2012, is computed as follows:

Current Assets	$ 2,169,340
Less: Current Liabilities	(54,545)
Add: Current Portion of Certificates of Participation	54,545
Fund Balances - December 31, 2012	$ 2,169,340

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

Net Change in Fund Balances (Budgetary Basis)	$	186,917
Basis to GAAP Basis		
Capital Lease Proceeds		(217,004)
Capitalization of Fixed Assets		540,935
Book Value of Capital Assets Disposed		(120,257)
Transfers In of Non-financial Resources		59,897
Depreciation		(468,032)
Total Adjustments		(204,461)
Change in Net Position (GAAP Basis)	$	(17,544)

MISCELLANEOUS SCHEDULES

TOWN OF AVON, COLORADO

DEBT SCHEDULE
DECEMBER 31, 2012

Purpose	Schedule of Indebtedness					Payments Due In 2013	
	Date Issued	Interest Rate/Yield	Maturity Date	Amount Issued	Amount Outstanding	Principal	Interest
General Obligation Bonds:							
Series 2004:							
General Obligation Bonds	12/14/04	3.00% - 4.00%	12/1/16	3,460,000	1,935,000	455,000	73,710
Detached 'B' Interest Certificates	12/14/04	2.38% - 3.25%	12/1/09	215,000	-	-	-
Less: Original Issue Discount	12/14/04	N/A	12/1/09	(18,827)	-	-	-
Net General Obligation Bonds				3,656,173	1,935,000	455,000	73,710
Revenue Bonds:							
Series 1999, Revenue Refunding Bonds	1/15/99	3.25% - 4.55%	9/15/14	5,580,000	870,000	425,000	39,585
Total Revenue Bonds				5,580,000	870,000	425,000	39,585
Certificates of Participation:							
Series 2010, Certificates of Participation	11/1/10	2.00% - 3.25%	12/1/18	6,680,000	6,205,000	250,000	254,488
Total Certificates of Participation				6,680,000	6,205,000	250,000	254,488
Loans							
Series 2009 Avon URA Tax Increment							
Adjustable Rate Revenue Refunding Loan	5/28/09	Variable	12/1/28	7,200,000	6,295,000	280,000	195,985
Total Loans				7,200,000	6,295,000	280,000	195,985
Capital Lease Obligations							
Master Lease-Purchase, Comerica Leasing	12/11/07	3.78%	12/20/14	508,125	109,778	53,871	4,150
Master Lease-Purchase, US Bancorp	8/26/11	3.162%	8/26/18	563,811	490,646	75,497	14,923
Master Lease-Purchase, US Bancorp	3/15/12	2.19%	3/15/19	217,004	202,577	29,330	4,277
Total Capital Lease Obligations				1,288,940	803,001	158,698	23,350
Total Long-term Debt				$ 24,405,113	$ 16,108,001	$ 1,568,698	$ 587,118

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2012

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
General Government:				
Legislative:				
Mayor and Town Council	$ 150,893	$ 151,595	$ 174,669	$ (23,074)
Boards and Commissions	15,306	15,306	11,938	3,368
Town Attorney	400,000	400,000	553,563	(153,563)
Town Clerk	99,307	108,818	102,781	6,037
Total Legislative	665,506	675,719	842,951	(167,232)
Judicial:				
Municipal Court	126,544	129,866	134,934	(5,068)
Executive:				
Town Manager	231,544	367,672	385,752	(18,080)
Human Resources	211,374	236,740	228,955	7,785
Community Relations	114,467	113,568	108,674	4,894
Economic Development	140,550	140,550	128,850	11,700
Total Executive	697,935	858,530	852,231	6,299
Finance Department				
Finance	658,502	667,126	618,056	49,070
Information Systems	301,439	301,308	247,345	53,963
Total Finance Department	959,941	968,434	865,401	103,033
Nondepartmental	246,124	237,092	277,694	(40,602)
Total General Government	2,696,050	2,869,641	2,973,211	(103,570)
Community Development:				
Administration	165,352	47,387	41,813	5,574
Planning	248,249	267,787	266,558	1,229
Building Inspection	117,032	116,797	112,762	4,035
Total Community Development	530,633	431,971	421,133	10,838

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public Safety:				
Police:				
Administration	$ 507,213	$ 519,412	$ 541,191	$ (21,779)
Patrol	1,902,803	1,943,680	1,915,284	28,396
Investigations	108,880	105,675	95,013	10,662
Total Public Safety	2,518,896	2,568,767	2,551,488	17,279
Public Works:				
Administration	75,620	76,893	66,861	10,032
Engineering	184,987	260,444	221,099	39,345
Roads and Streets	1,522,218	1,501,725	1,371,021	130,704
Facilities Maintenance	394,103	394,033	333,342	60,691
Parks	843,585	830,281	787,773	42,508
Total Public Works	3,020,513	3,063,376	2,780,096	283,280
Recreation and Culture:				
Special Events	349,480	298,763	293,092	5,671
Administration	372,881	378,972	381,620	(2,648)
Adult Programs	36,548	28,497	27,344	1,153
Aquatics	444,439	442,062	406,726	35,336
Child Care	38,487	38,507	35,990	2,517
Fitness	132,080	132,121	131,527	594
Front Desk	224,941	222,825	203,151	19,674
Maintenance	574,475	553,233	511,062	42,171
Youth Programs	131,023	129,296	124,460	4,836
Cabin	54,324	50,580	33,438	17,142
Total Recreation and Culture	2,358,678	2,274,856	2,148,410	126,446
TOTAL OPERATING EXPENDITURES	$ 11,124,770	$ 11,208,611	$ 10,874,338	$ 334,273

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2012

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Taxes:				
General Property Tax	$ 1,639,601	$ 1,639,601	$ 1,640,438	$ 837
General Property Tax - Delinquent Collections	50	50	(14,351)	(14,401)
General Property Tax - Interest and Penalties	1,000	1,000	2,375	1,375
General Property Tax - Abatements	-	-	1,323	1,323
Specific Ownership Tax	100,000	97,500	92,105	(5,395)
Sales Tax	5,521,789	5,622,671	5,585,224	(37,447)
Utility Tax	150,000	130,000	127,060	(2,940)
Accommodations Tax	747,921	755,200	733,397	(21,803)
Penalties and Interest	15,000	15,000	18,340	3,340
Sales Tax Audit Assessments	10,000	5,000	3,596	(1,404)
Payments In-Lieu-Of Sales Tax	684,988	-	-	-
Franchise Fees	370,000	380,000	372,054	(7,946)
Total Taxes	9,240,349	8,646,022	8,561,561	(84,461)
Licenses and Permits:				
Liquor Licenses	7,500	10,000	10,030	30
Business Licenses	20,000	20,000	19,885	(115)
Contractor's Licenses	10,500	10,500	10,785	285
Building Permits	200,000	120,000	126,615	6,615
Road Cut Permits	27,500	35,000	40,355	5,355
Other Licenses and Permits	100	100	-	(100)
Total Licenses and Permits	265,600	195,600	207,670	12,070
Intergovernmental:				
Federal:				
Click It or Ticket	-	2,900	2,900	-
Bullet Proof Vest Grant	-	869	883	14
Other Federal Grants	1,516	3,824	3,824	-
State:				
LEAF Grant	20,000	36,000	27,835	(8,165)
Other State Grants	8,000	-	-	-
Local Government/Other Agency				
Eagle County Grants	4,000	7,500	7,340	(160)
Eagle River Youth Coalition	-	8,500	5,048	(3,452)
Other Local Government/Other Agency Grants	-	2,000	-	(2,000)
State/County Shared Revenue:				
Conservation Trust	65,000	65,000	61,749	(3,251)
Motor Vehicle Registration	22,000	22,000	22,681	681
Highway User's Tax	187,615	187,615	182,527	(5,088)
Cigarette Tax	47,000	47,000	42,576	(4,424)
County Sales Tax	346,800	365,684	376,760	11,076
Road & Bridge Fund	205,000	150,000	151,240	1,240
State Severance Tax	3,000	3,000	1,579	(1,421)
Total Intergovernmental	909,931	901,892	886,942	(14,950)

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Charges for Services:				
General Government:				
Sale of Map and Publications	$ 100	$ 100	$ -	$ (100)
Photocopying Charges	300	300	40	(260)
License Hearing Fees	100	100	150	50
Other Fees and Charges	1,250	1,250	2,331	1,081
Plan Check Fees	67,000	63,000	68,835	5,835
Subdivision Review Fees	1,000	1,000	1,959	959
Design Review Fees	7,500	18,700	18,871	171
Animal Control Fees	2,000	1,000	640	(360)
Abatement Services	5,500	6,500	6,435	(65)
Impact Fee Administrative Fees	250	250	672	422
Police Reports	1,500	1,500	785	(715)
Off-duty Police Employment	17,000	12,600	14,155	1,555
Fingerprinting Fees	4,000	4,000	5,292	1,292
VIN Inspection Fees	14,000	12,500	12,585	85
False Alarm Fees	3,500	5,500	6,665	1,165
National Night Out	500	500	400	(100)
DUI Reimbursement	3,000	9,000	12,127	3,127
Village at (Avon) Municipal Service Charges	356,698	-	-	-
Subtotal: General Government	485,198	137,800	151,942	14,142
Recreation Center:				
Admission Fees	800,000	762,000	738,277	(23,723)
Program Fees	41,805	40,000	41,713	1,713
Rentals	18,800	21,240	20,859	(381)
Merchandise Sales	10,000	8,000	7,792	(208)
Childcare	9,000	9,000	8,346	(654)
Other Recreation Center Services	15,000	15,000	15,038	38
Fitness Program Revenues	40,000	40,000	47,540	7,540
Other Recreation:				
Adult Program Revenues	14,000	9,000	8,261	(739)
Cabin Equipment Rentals	38,669	28,000	28,885	885
Athletic Field Rentals	4,465	4,465	4,487	22
Cabin Concessions	5,500	5,000	4,135	(865)
Youth Program Revenues	121,159	109,000	97,858	(11,142)
Sponsorships	60,050	35,000	34,100	(900)
Event Fees	67,550	58,596	59,656	1,060
Subtotal: Recreation	1,245,998	1,144,301	1,116,947	(27,354)
Total Charges for Services	1,731,196	1,282,101	1,268,889	(13,212)

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Fines and Forfeitures:				
Court Fines - Traffic	$ 140,000	$ 120,000	$ 105,300	$ (14,700)
Court Fines - Criminal	28,000	22,000	18,527	(3,473)
Court Fines - Parking	11,000	5,000	3,835	(1,165)
Court Costs	11,500	10,000	10,013	13
Jury Fees	150	150	-	(150)
Bond Forfeitures	2,000	500	-	(500)
Miscellaneous Court Revenues	100	100	-	(100)
Police Training Surcharge	11,500	12,000	11,133	(867)
Police Forfeiture Revenues	-	4,000	2,725	(1,275)
Total Fines and Forfeitures	204,250	173,750	151,533	(22,217)
Investment Earnings	85,000	50,000	21,155	(28,845)
Miscellaneous Revenues:				
Recreational Amenity Fees	205,000	205,000	209,187	4,187
Bond Issuance Fee	10,100	10,100	10,472	372
Lease of Town-owned Property	20,000	12,500	6,300	(6,200)
Miscellaneous Nonclassified Revenues	58,580	48,580	43,755	(4,825)
Total Miscellaneous Revenues	293,680	276,180	269,714	(6,466)
TOTAL REVENUES	$ 12,730,006	$ 11,525,545	$ 11,367,464	$ (158,081)

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, 2012

Project Description	Actual Amounts Prior Years	Actual Amounts Current Year	Actual Amounts Total	Total Project Budget	Variance with Budget - Positive (Negative)
CAPITAL IMPROVEMENT PROJECTS					
Facilities:					
I70 Transit / PW Facilities Improvement Project:					
Non-Grant Eligible Design	17,815	-	17,815	17,815	-
Public Works Facilities (On Site & Lot 5)	5,262	400,347	405,609	644,474	238,865
Final Design / Engineering (Grant #84)	385,761	73,393	459,154	459,153	(1)
Final Design / Engineering (Grant #90)	27,553	650,817	678,370	1,202,059	523,689
Transit Facility Construction (Grant #90)	-	1,325,508	1,325,508	8,172,941	6,847,433
Transit Facility Construction (FASTER Grant)	-	575,560	575,560	1,370,880	795,320
Transit Facility Construction (ARRA Grant)	-	-	-	530,000	530,000
Fuel Spill Cleanup	-	84,912	84,912	-	(84,912)
Land and Land Improvements:					
Forest Service Land Acquisition	28,796	575	29,371	1,150,000	1,120,629
Roads and Streets:					
Annual Street Improvements:					
2012 Paving / Road Improvements	-	230,369	230,369	300,000	69,631
Multi-Modal/Alternative Mobility					
US Hwy 6 Trail Project: Avon Rd - Post Blvd.	-	34	34	1,041,000	1,040,966
Utilities:					
Waste Heat Recovery Project:					
Constuction	3,784,442	43,521	3,827,963	3,833,746	5,783
Water Fund Projects:					
Metcalf Road Drainage	287,343	638,297	925,640	885,647	(39,993)
Nottingham Lake Liner Replacement	-	9,977	9,977	1,300,000	1,290,023
Total Capital Improvement Projects	$ 4,536,972	$ 4,033,310	$ 8,570,282	$ 20,907,715	$ 12,337,433

TOWN OF AVON, COLORADO

SCHEDULE OF AVON URBAN RENEWAL AUTHORITY FUND PROJECT EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2012

Project Description	Actual Amounts: Prior Years	Actual Amounts: Current Year	Actual Amounts: Total	Total Project Budget	Variance with Budget - Positive (Negative)
AVON URBAN RENEWAL FUND IMPROVEMENTS:					
Roads and Streets:					
Street Improvements:					
Main Street Improvement Project	$ 41,257	$ 53,773	$ 95,030	$ 750,000	$ 654,970
Total Avon Urban Renewal Fund Improvements	$ 41,257	$ 53,773	$ 95,030	$ 750,000	$ 654,970

The public report burden for this information collection is estimated to average 380 hours annually.

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT

City or County: Town of Avon

YEAR ENDING : December 2012

This Information From The Records Of Town of Avon:

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	840,628
3. Other local imposts (from page 2)	92,105
4. Miscellaneous local receipts (from page 2)	230,369
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,163,102
B. Private Contributions	
C. Receipts from State government (from page 2)	205,208
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,368,310

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	611,253
3. Road and street services:	
a. Traffic control operations	34,430
b. Snow and ice removal	418,619
c. Other	
d. Total (a. through c.)	453,049
4. General administration & miscellaneous	16,715
5. Highway law enforcement and safety	287,293
6. Total (1 through 5)	1,368,310
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	1,368,310

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,452,991		447,773	2,005,218
1. Bonds (Refunding Portion)				
B. Notes (Total)	5,314,002		218,550	5,095,452

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,368,310	1,368,310		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2012

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 & Penalities	
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	92,105	g. Other Misc. Receipts	
6. Total (1. through 5.)	92,105	h. Other Real Estate Xfer Tax	230,369
c. Total (a. + b.)	92,105	i. Total (a. through h.)	230,369
	(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	182,527	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	22,681	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.)	22,681	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	205,208	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:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

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 86-95) – 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 96-99) – 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 100-103) – 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 104-106) – 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 107-109) – 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			
	2003	2004	2005	2006
Governmental Activities				
Net Investment in Capital Assets	$ 9,599,212	$ 12,206,057	$ 23,123,596	$ 23,801,715
Restricted For:				
Emergencies	384,946	384,678	472,201	567,512
Urban Renewal	-	-	-	-
Water Projects	-	-	-	-
Debt Service	847,163	635,342	88,136	129,581
Capital Improvements	-	-	-	-
Purposes of Grantors	-	-	-	-
Unrestricted	9,889,514	12,529,657	15,063,082	18,928,339
Total Governmental Activities Net Position	$ 20,720,835	$ 25,755,734	$ 38,747,015	$ 43,427,147
Business-type Activities				
Net Investment in Capital Assets	$ 1,609,885	$ 1,941,513	$ 2,039,744	$ 1,884,063
Unrestricted	64,450	254,907	471,481	861,582
Total Business-type Activities Net Position	$ 1,674,335	$ 2,196,420	$ 2,511,225	$ 2,745,645
Primary Government				
Net Investment in Capital Assets	$ 11,209,097	$ 14,147,570	$ 25,163,340	$ 25,685,778
Restricted	1,232,109	1,020,020	560,337	697,093
Unrestricted	9,953,964	12,784,564	15,534,563	19,789,921
Total Primary Government Net Position	$ 22,395,170	$ 27,952,154	$ 41,258,240	$ 46,172,792

Source: Town of Avon Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 30,782,567	$ 16,344,236	$ 34,458,411	$ 35,651,654	$ 34,738,700	$ 36,904,217
618,739	566,949	470,037	503,650	447,963	428,947
-	-	-	-	242,620	216,002
-	-	-	-	2,339,866	1,780,636
151,575	4,962,675	1,258,256	1,055,410	1,047,077	1,015,589
-	14,762,243	-	3,000,722	2,972,175	2,530,266
-	-	-	-	385,468	458,330
18,905,443	17,245,855	16,488,477	15,935,700	14,345,936	13,544,676
$ 50,458,324	$ 53,881,958	$ 52,675,181	$ 56,147,136	$ 56,519,805	$ 56,878,663
$ 2,651,190	$ 2,855,688	$ 2,729,412	$ 2,154,069	$ 1,815,425	$ 1,761,245
883,782	1,057,813	1,147,965	1,219,055	1,256,004	943,960
$ 3,534,972	$ 3,913,501	$ 3,877,377	$ 3,373,124	$ 3,071,429	$ 2,705,205
$ 33,433,757	$ 19,199,924	$ 37,187,823	$ 37,805,723	$ 36,554,125	$ 38,665,462
770,314	20,291,867	1,728,293	4,559,782	7,435,169	6,429,770
19,789,225	18,303,668	17,636,442	17,154,755	15,601,940	14,488,636
$ 53,993,296	$ 57,795,459	$ 56,552,558	$ 59,520,260	$ 59,591,234	$ 59,583,868

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	$ 1,730,580	$ 1,646,483	$ 1,873,292	$ 2,234,335
Community Development	683,160	727,955	935,419	1,392,669
Public Safety	1,569,552	1,610,667	1,637,769	1,853,452
Public Works and Utilities	2,819,107	3,105,233	4,925,854	5,975,905
Recreation and Culture	2,117,520	2,094,440	2,208,149	2,313,164
Interest and Fiscal Charges on Long-term Debt	758,737	705,452	606,188	552,492
Total Governmental Activity Expenses	9,678,656	9,890,230	12,186,671	14,322,017
Business-type Activities:				
Transportation	1,677,058	1,680,756	1,855,183	2,187,410
Housing	298,467	313,633	-	-
Fleet Maintenance	1,517,564	1,755,478	1,942,338	1,989,005
Total Business-type Activity Expenses	3,493,089	3,749,867	3,797,521	4,176,415
Total Primary Government Expenses	$ 13,171,745	$ 13,640,097	$ 15,984,192	$ 18,498,432
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$ 96,727	$ 110,231	$ 124,014	$ 117,639
Community Development	288,038	389,140	355,312	1,780,142
Public Safety	24,575	128,014	208,907	199,906
Public Works and Utilities	1,318,504	583,228	819,545	641,903
Recreation and Culture	1,129,485	1,294,787	1,243,103	1,410,646
Operating Grants and Contributions	124,200	19,258	10,283	52,538
Capital Grants and Contributions	-	177,854	-	1,662,000
Total Governmental Activity Program Revenues	2,981,529	2,702,512	2,761,164	5,864,774
Business-type Activities:				
Charges for Services	2,319,273	2,647,377	2,921,794	3,190,835
Capital Grants and Contributions	-	117,966	195,532	-
Total Business-type Activity Program Revenues	2,319,273	2,765,343	3,117,326	3,190,835
Total Primary Government Program Revenues	$ 5,300,802	$ 5,467,855	$ 5,878,490	$ 9,055,609
Net (Expense) Revenue				
Governmental Activities	$ (6,697,127)	$ (7,187,718)	$ (9,425,507)	$ (8,457,243)
Business-type Activities	(1,173,816)	(984,524)	(680,195)	(985,580)
Total Primary Government Net Expense	$ (7,870,943)	$ (8,172,242)	$ (10,105,702)	$ (9,442,823)

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 2,936,738	$ 3,082,524	$ 2,431,143	$ 2,832,514	$ 3,539,636	$ 3,400,499
1,132,260	2,212,996	1,286,956	644,968	519,631	421,554
2,157,400	4,458,553	2,608,604	2,409,115	2,569,100	2,554,404
4,958,488	5,024,946	6,302,284	5,948,003	5,821,879	5,479,239
2,604,528	2,572,347	2,752,142	2,437,556	2,276,473	2,737,458
495,734	1,225,348	1,195,981	637,344	575,100	516,160
14,285,148	18,576,714	16,577,110	14,909,500	15,301,819	15,109,314
2,321,139	2,224,427	1,485,763	1,175,818	1,123,640	1,083,097
-	-	-	-	-	-
2,362,400	2,424,791	2,325,339	2,076,364	1,618,698	1,382,954
4,683,539	4,649,218	3,811,102	3,252,182	2,742,338	2,466,051
$ 18,968,687	$ 23,225,932	$ 20,388,212	$ 18,161,682	$ 18,044,157	$ 17,575,365
$ 125,832	$ 194,938	$ 164,061	$ 59,768	$ 259,609	$ 183,969
691,131	325,992	143,826	216,263	230,570	225,778
230,024	223,056	221,262	376,440	248,442	52,649
1,254,259	1,096,172	504,403	407,391	524,047	278,662
1,450,420	1,408,587	1,272,902	1,207,964	1,208,130	1,116,947
74,078	21,573	59,857	51,048	59,329	39,607
2,301,778	3,458,199	269,853	1,855,346	247,368	1,715,337
6,127,522	6,728,517	2,636,164	4,174,220	2,777,495	3,612,949
3,313,517	3,084,123	2,437,178	2,081,674	1,520,018	1,135,929
684,349	310,624	-	-	-	305,351
3,997,866	3,394,747	2,437,178	2,081,674	1,520,018	1,441,280
$ 10,125,388	$ 10,123,264	$ 5,073,342	$ 6,255,894	$ 4,297,513	$ 5,054,229
$ (8,157,626)	$ (11,848,197)	$ (13,940,946)	$ (10,735,280)	$ (12,524,324)	$ (11,496,365)
(685,673)	(1,254,471)	(1,373,924)	(1,170,508)	(1,222,320)	(1,024,771)
$ (8,843,299)	$ (13,102,668)	$ (15,314,870)	$ (11,905,788)	$ (13,746,644)	$ (12,521,136)

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	$ 2,542,791	$ 2,697,086	$ 2,763,432	$ 2,765,362
Real Estate Transfer Taxes	2,224,452	2,338,060	3,254,490	3,039,518
Sales and Accommodation Taxes	4,593,196	4,797,825	5,590,224	5,873,857
Other Taxes	555,798	444,491	480,665	716,685
Unrestricted Investment Earnings	161,588	198,574	446,097	826,004
Intergovernmental	596,707	662,845	737,940	852,938
Loss on Disposal of Capital Assets	-	-	-	-
Miscellaneous	480,293	447,659	977,457	283,011
Contributions	-	-	-	-
Transfers	(850,000)	(907,087)	(995,000)	(1,220,000)
Total Governmental Activities	10,304,825	10,679,453	13,255,305	13,137,375
Business-type Activities:				
Property Taxes	-	-	-	-
Contributions	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-
Transfers	850,000	907,087	995,000	1,220,000
Total Business-type Activities	850,000	907,087	995,000	1,220,000
Total Primary Government	$ 11,154,825	$ 11,586,540	$ 14,250,305	$ 14,357,375
Change in Net Position				
Governmental Activities	$ 3,607,698	$ 3,491,735	$ 3,829,798	$ 4,680,132
Business-type Activities	(323,816)	(77,437)	314,805	234,420
Total Primary Government	$ 3,283,882	$ 3,414,298	$ 4,144,603	$ 4,914,552

Source: Town of Avon Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 2,766,725	$ 3,340,475	$ 3,640,183	$ 4,195,297	$ 3,672,307	$ 3,027,319
2,540,943	3,093,021	1,761,980	2,159,525	1,616,982	1,707,648
6,518,299	6,841,114	5,651,085	5,748,325	6,190,839	6,340,557
656,702	710,624	1,334,692	1,268,120	1,323,246	499,114
1,356,013	1,496,801	246,225	163,991	87,099	37,827
1,080,075	890,750	872,084	854,130	857,474	839,112
-	-	-	-	-	(30,857)
1,745,046	532,046	522,920	442,522	372,222	344,503
-	-	-	907,500	-	-
(1,475,000)	(1,633,000)	(1,295,000)	(1,532,175)	(950,000)	(910,000)
15,188,803	15,271,831	12,734,169	14,207,235	13,170,169	11,855,223
-	-	42,800	41,580	40,371	40,032
-	-	-	(907,500)	-	-
-	-	-	-	-	(291,485)
1,475,000	1,633,000	1,295,000	1,532,175	950,000	910,000
1,475,000	1,633,000	1,337,800	666,255	990,371	658,547
$ 16,663,803	$ 16,904,831	$ 14,071,969	$ 14,873,490	$ 14,160,540	$ 12,513,770
$ 7,031,177	$ 3,423,634	$ (1,206,777)	$ 3,471,955	$ 645,845	$ 358,858
789,327	378,529	(36,124)	(504,253)	(231,949)	(366,224)
$ 7,820,504	$ 3,802,163	$ (1,242,901)	$ 2,967,702	$ 413,896	$ (7,366)

TOWN OF AVON, COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	$ 9,870,673	$ 10,239,779	$ 12,057,347	$ 12,395,422
Licenses and Permits	186,948	236,867	249,032	827,890
Intergovernmental	920,907	882,103	984,333	2,523,356
Charges for Services	2,564,384	2,153,941	2,388,948	3,004,306
Fines and Forfeitures	56,866	58,757	53,448	73,854
Special Assessments	45,564	37,683	31,464	-
Investment Earnings	161,588	198,574	446,097	826,004
Other Revenues	942,087	2,896,383	804,332	573,414
Total Revenues	14,749,017	16,704,087	17,015,001	20,224,246
Expenditures				
Current:				
General Government and Housing	1,652,538	1,576,203	1,742,961	2,127,325
Community Development	416,569	477,045	532,290	912,855
Public Safety	1,557,109	1,652,782	1,667,280	1,879,582
Public Works and Utilities	2,781,036	2,574,772	2,748,931	2,819,023
Recreation and Culture	1,939,224	1,943,124	2,024,614	2,168,903
Capital Improvements	1,916,329	913,297	2,758,137	4,245,404
Debt Service:				
Principal	1,435,000	3,540,000	1,297,500	1,296,250
Interest	1,062,916	940,228	555,343	504,122
Fiscal Charges	39,584	52,195	35,762	36,179
Bond Issuance Costs	-	98,648	-	-
Total Expenditures	12,800,305	13,768,294	13,362,818	15,989,643
Excess (Defieiency) of Revenues Over (Under) Expenditures	1,948,712	2,935,793	3,652,183	4,234,603
Other Financing Sources (Uses)				
Transfers In	2,019,381	1,063,480	1,540,361	2,601,594
Transfers Out	(2,869,381)	(1,970,567)	(2,535,361)	(3,821,594)
Proceeds from Borrowing	339,000	75,864	74,403	130,621
Proceeds from Refunding	-	3,732,911	-	-
Payments to Escrow Agent	-	(3,632,554)	-	-
Sales of Capital Assets	378	1,410	1,001	1,504
Total Other Financing Sources (Uses)	(510,622)	(729,456)	(919,596)	(1,087,875)
Net Change in Fund Balances	$ 1,438,090	$ 2,206,337	$ 2,732,587	$ 3,146,728
Debt Service as a Percentage of Noncapital Expenditures	22.75%	34.84%	15.73%	13.00%

Source: Town of Avon Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 12,482,669	$ 13,985,234	$ 11,710,148	$ 12,728,883	$ 12,083,403	$ 11,574,638
419,292	245,793	124,130	215,635	219,265	207,670
3,455,931	1,178,614	1,201,794	2,760,524	1,164,171	2,594,056
3,244,484	2,584,856	1,706,803	1,474,968	1,593,303	1,473,552
84,290	131,525	129,530	147,057	197,103	151,533
-	-	-	-	-	-
1,356,013	1,496,801	246,225	163,991	87,099	37,827
1,750,580	498,973	469,688	442,522	368,568	380,647
22,793,259	20,121,796	15,588,318	17,933,580	15,712,912	16,419,923
2,871,963	3,038,856	3,138,391	2,560,405	3,411,329	3,088,911
902,634	823,902	697,820	598,692	519,268	421,133
2,203,803	2,628,330	2,511,717	2,354,235	2,516,612	2,551,488
3,424,566	3,725,749	3,660,540	3,224,695	3,429,238	3,192,763
2,483,910	2,579,779	2,375,945	2,144,447	2,054,477	2,148,410
7,786,590	9,979,969	2,746,286	5,554,096	1,023,914	4,087,083
1,348,750	1,407,500	26,416,250	1,495,000	1,195,000	1,240,000
448,474	1,048,416	824,535	543,331	526,288	470,455
33,074	157,722	57,315	70,657	56,614	43,622
-	280,734	160,000	77,695	-	-
21,503,764	25,670,957	42,588,799	18,623,253	14,732,740	17,243,865
1,289,495	(5,549,161)	(27,000,481)	(689,673)	980,172	(823,942)
927,637	1,337,667	1,810,032	1,945,004	1,090,335	1,591,071
(2,402,637)	(2,970,667)	(3,105,032)	(3,477,179)	(2,040,335)	(2,501,071)
170,156	25,000,000	7,200,000	3,310,000	-	-
-	-	-	-	-	-
-	-	-	(92,067)	-	-
-	-	-	-	-	-
(1,304,844)	23,367,000	5,905,000	1,685,758	(950,000)	(910,000)
$ (15,349)	$ 17,817,839	$ (21,095,481)	$ 996,085	$ 30,172	$ (1,733,942)
12.80%	15.81%	67.42%	15.83%	12.80%	12.92%

TOWN OF AVON, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	384,946	384,678	472,201	567,512	618,739
Assigned	-	-	-	-	-
Unassigned	3,375,366	3,999,194	5,301,416	6,340,441	6,676,687
Total General Fund	3,760,312	4,383,872	5,773,617	6,907,953	7,295,426
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	2,398,142	1,966,963	1,978,158	2,442,827	3,201,845
Committed	4,112,193	6,126,149	7,454,796	7,731,519	6,693,875
Assigned	-	-	-	1,274,000	1,151,917
Unassigned	-	-	-	-	(2,113)
Total All Other Governmental Funds	$ 6,510,335	$ 8,093,112	$ 9,432,954	$ 11,448,346	$ 11,045,524

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable	$ -	$ -	$ 7,710	$ -	$ -
Restricted	566,949	470,037	503,650	447,963	428,947
Assigned	-	-	-	413,251	413,251
Unassigned	5,835,283	3,959,093	3,581,941	3,329,981	3,134,327
Total General Fund	6,402,232	4,429,130	4,093,301	4,191,195	3,976,525
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	22,779,562	3,933,265	6,930,731	6,987,206	6,045,396
Committed	5,701,165	5,539,422	3,968,735	4,100,746	3,656,294
Assigned	1,275,830	1,218,920	1,066,626	810,418	680,408
Unassigned	-	(57,429)	-	-	-
Total All Other Governmental Funds	$ 29,756,557	$ 10,634,178	$ 11,966,092	$ 11,898,370	$ 10,382,098

Source: Town of Avon Finance Department

Notes:
(1) Fiscal years 2002 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				(1)
	General	Specific Ownership	Penalties, Interest & Abatements	Delinquent Taxes	Sales Tax
2003	$ 2,537,783	$ 147,760	$ 5,008	$ -	$ 4,593,196
2004	2,534,887	158,257	3,676	266	4,797,825
2005	2,593,082	165,810	3,986	554	5,246,245
2006	2,745,820	179,560	3,791	15,753	5,484,458
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

Year	Utility Tax	Franchise Tax	(2) Accommodations Tax	Real Estate Transfer Tax	Total
2003	$ 116,981	$ 245,493	$ -	$ 2,224,452	$ 9,870,673
2004	117,711	289,097	-	2,338,060	10,239,779
2005	124,945	324,256	343,979	3,254,490	12,057,347
2006	129,537	361,779	435,206	3,039,518	12,395,422
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

Source: Town of Avon Finance Department

(1) Includes Payments In-Lieu-Of Sales Tax beginning in 2003.
(2) From 1998 to 2004 the Town's accommodations taxes were accounted for in the Transit Enterprise fund.

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
2002	2003	$ 20,470,660	$ 67,986,410	$ 53,710,780	$ 2,335,760	$ 144,503,610
2003	2004	23,859,850	60,523,900	58,730,200	2,659,120	145,773,070
2004	2005	24,076,670	63,669,310	64,454,400	744,600	152,944,980
2005	2006	24,665,930	72,486,190	70,880,090	874,430	168,906,640
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

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
2002	2003	$ -	$ 144,503,610	14.234	$ 978,914,070	14.76%
2003	2004	-	145,773,070	14.111	1,026,692,120	14.20%
2004	2005	-	152,944,980	13.781	1,070,116,330	14.29%
2005	2006	-	168,906,640	13.339	1,202,381,510	14.05%
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%

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	5.278	5.155	4.825	4.383	4.331	3.315	2.436	2.252	2.264	3.116
- General Improvement District No. 1	0.000	0.000	0.000	0.000	0.000	0.000	9.396	9.396	9.396	15.288
Counties										
- Eagle County	6.999	6.999	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	21.981	21.120	21.120	19.595	23.050	20.051	20.414	19.402	19.474	21.601
Metropolitan Districts										
Avon Metropolitan District	3.478	3.619	3.479	3.283	3.281	3.281	2.705	2.535	0.000	0.000
Avon Station Metropoitan District	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	58.000
Confluence Metropolitan District	45.000	45.000	45.000	45.000	45.000	45.000	45.000	0.000	0.000	0.000
Mountain Vista Metropolitan District	45.000	45.000	45.000	45.000	33.000	33.000	25.000	25.000	25.000	25.000
Village Metropolitan District	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	40.000	50.000
Other Special Districts										
Eagle River Fire Protection District	3.800	3.800	3.800	3.800	3.800	5.550	5.550	5.550	5.550	5.650
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 Distict	1.300	1.335	1.330	1.214	1.111	0.826	0.826	0.795	0.796	0.932
Colorado River Water Conservancy District	0.255	0.255	0.252	0.230	0.221	0.191	0.199	0.166	0.188	0.228
Eagle County Health Services District	2.011	2.005	2.013	2.010	2.006	2.019	2.055	1.780	1.768	1.764

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

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value
Traer Creek-WMT LLC	$ 6,675,480	1	3.41%	$ 2,816,210	3	1.95%
Traer Creek-HD LLC	4,824,150	2	2.47%	1,848,630	9	1.28%
Chapel Square Ventures LP	4,449,750	3	2.27%	6,037,000	1	4.18%
Points of Colorado	3,426,460	4	1.75%	1,892,830	8	1.31%
Avon Partners II, LLC	2,972,490	5	1.52%	3,786,620	2	2.62%
Servco Inc.	2,797,110	6	1.43%	-	NA	0.00%
ARI Mountain Center LLC	2,519,450	7	1.29%	-	NA	0.00%
Avon Wynfield LLC	2,376,620	8	1.21%	2,149,530	6	1.49%
Mountain Vista Condominium Assoc Inc.	2,309,540	9	1.18%	-	NA	0.00%
Riverfront Village Hotel, LLC	2,266,130	10	1.16%	-	NA	0.00%
Traer Creek-L2 LLC	2,030,010	11	1.04%	-	NA	0.00%
Traer Creek-RP LLC	1,981,370	12	1.01%	1,322,930	13	0.92%
Riverview Park Assoc, Inc	1,763,960	13	0.90%	1,986,490	7	1.37%
Dillon Real Estate Co, Inc	1,635,990	14	0.84%	1,537,170	10	1.06%
Comcast of Colorado VII LLC	1,290,710	15	0.66%	-	NA	0.00%
Christie Lodge Assoc LTD				1,327,650	12	0.92%
Vail Corp dba Vail Associates Inc				2,459,470	5	1.70%
Mountain Star, LLC				2,625,330	4	1.82%
ATS Joint Venture				1,280,410	14	0.89%
Tanavon Corp				1,517,670	11	1.05%
Avon Commercial Center LTD				1,253,250	15	0.87%
Total Assessed Value of the Fifteen Largest Taxpayers	43,319,220		22.15%	33,841,190		23.42%
Total Gross Assessed Value of Other Taxpayers	152,292,630		77.85%	110,662,420		76.58%
Total Gross Assessed Value of All Taxpayers	$ 195,611,850		100.00%	$ 144,503,610		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
2002	2003	$ 2,548,453	$ 2,537,783	99.58%	$ -	$ 2,537,783	99.58%
2003	2004	2,549,757	2,534,887	99.42%	266	2,535,153	99.43%
2004	2005	2,595,743	2,593,082	99.90%	554	2,593,636	99.92%
2005	2006	2,741,233	2,745,820	100.17%	15,753	2,761,573	100.74%
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%

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
2003	$ 8,725,000	$ 100,000	$ 4,065,000	$ 1,462,500	$ -	$ 439,169
2004	8,136,173	50,000	3,760,000	1,393,750	-	397,148
2005	7,282,075	-	3,440,000	1,321,250	-	380,007
2006	6,393,774	-	3,110,000	1,245,000	-	427,307
2007	5,466,798	-	2,770,000	1,166,250	-	820,870
2008	4,496,127	-	27,420,000	1,083,750	-	665,176
2009	3,670,000	-	2,050,000	997,500	7,075,000	503,368
2010	2,805,000	-	1,670,000	3,310,000	6,825,000	335,205
2011	2,380,000	-	1,275,000	3,195,000	6,565,000	420,063
2012	1,935,000	-	870,000	3,075,000	6,295,000	476,227

Fiscal Year	Business-Type Activities: Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2003	$ 6,512,500	$ 75,376	$ 21,379,545	1.22%	$ 3,173
2004	4,181,250	15,959	17,934,280	0.93%	2,645
2005	3,963,750	19,023	16,406,105	0.78%	2,427
2006	3,735,000	54,549	14,965,630	0.63%	2,208
2007	3,498,750	44,243	13,766,911	0.51%	2,013
2008	3,251,250	32,822	36,949,125	1.39%	5,340
2009	2,992,500	20,954	17,309,323	0.69%	2,576
2010	3,370,000	8,621	18,323,826	0.73%	2,842
2011	3,255,000	377,753	17,467,816	0.70%	2,709
2012	3,130,000	326,774	16,108,001	0.64%	2,499

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2012

Government Unit	Debt Outstanding	Estimated Percentage Applicable[a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Confluence Metropolitan District	$ 24,350,000	100.00%	$ 24,350,000
Eagle County School District RE-50J	147,820,000	7.47%	11,038,950
Eagle River Water and Sanitation District	9,980,000	9.24%	922,103
Other Debt			
Colorado Mountain College	23,590,886	6.95%	1,640,245
Eagle County	39,615,357	6.95%	2,754,407
Eagle County School District RE-50J	1,245,000	7.47%	92,975
Eagle River Fire Protection District	4,125,000	20.44%	843,348
Eagle River Water and Sanitation District	37,572,499	9.24%	3,471,516
Traer Creek Metropolitan District	42,720,000	100.00%	42,720,000
Subtotal - Overlapping debt			87,833,544
Town of Avon Direct Debt			16,108,001
Total Direct and Overlapping Debt			$ 103,941,545

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 everlapping 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			
	2003	2004	2005	2006
General Bonded Debt Outstanding General Obligation Bonds	$ 5,895,000	$ 5,666,173	$ 5,182,075	$ 4,678,774
Actual Taxable Property Value	$ 978,914,070	$1,026,692,120	$1,070,116,330	$1,202,381,510
Net Assessed Value	$ 144,503,610	$ 145,773,070	$ 152,944,980	$ 168,906,640
Percentage of General Bonded Debt Outstanding to Actual Taxable Property Value	0.60%	0.55%	0.48%	0.39%
Town of Avon Population	6,737	6,780	6,759	6,778
Per Capita	$ 875	$ 836	$ 767	$ 690
Legal Debt Limit	$ 36,125,903	$ 36,443,268	$ 38,236,245	$ 42,226,660
Total Debt Applicable to Limit	(5,895,000)	(5,666,173)	(5,182,075)	(4,678,774)
Legal Debt Margin	$ 30,230,903	$ 30,777,095	$ 33,054,170	$ 37,547,886
Total Debt Applicable to the Limit as a Percentage of Legal Debt Limit	16.32%	15.55%	13.55%	11.08%

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 4,151,798	$ 3,601,127	$ 3,215,000	$ 2,805,000	$ 2,380,000	$ 2,380,000
$1,232,738,120	$1,746,859,870	$1,880,466,430	$2,125,079,840	$2,127,634,050	$1,566,445,080
$ 171,296,170	$ 224,243,790	$ 226,144,240	$ 245,913,790	$ 245,052,050	$ 183,072,890
0.34%	0.21%	0.17%	0.13%	0.11%	0.15%
6,838	6,919	6,720	6,447	7,085	6,388
$ 607	$ 520	$ 478	$ 435	$ 336	$ 373
$ 42,824,043	$ 56,060,948	$ 56,536,060	$ 61,478,448	$ 61,263,013	$ 45,768,223
(4,151,798)	(3,601,127)	(3,215,000)	(2,805,000)	(2,380,000)	(2,380,000)
$ 38,672,245	$ 52,459,821	$ 53,321,060	$ 58,673,448	$ 58,883,013	$ 43,388,223
9.70%	6.42%	5.69%	4.56%	3.88%	5.20%

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
2003	6,737	46,978	$ 1,876,622	$ 39,816	32.90	5,368	186.8	3.40%
2004	6,780	47,955	2,031,522	41,773	33.50	5,061	187.0	4.40%
2005	6,759	48,820	2,218,906	44,220	34.20	5,376	190.9	3.30%
2006	6,778	50,612	2,502,442	46,985	34.70	5,885	197.7	3.40%
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	6,388	51,874	NA	38,174	35.20	6,244	224.6	8.20%

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 (1)

Employer	2012 Employees	2012 Rank
Westin Riverfront Resort & Spa	267	1
Wal-Mart	252	2
Sima	150	3
City Market	129	4
Home Depot	124	5
Eagle River Water & Sanitation	99	6
Sheraton Mountain Vista	89	7
Town of Avon	82	8
Christie Lodge	78	9
Montana's Bar & Grill	45	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 Square Footage	Commercial Construction Value	Residential Construction No. of Units	Residential Construction Value	Total Building Construction Value
2003	131	97,959	$ 3,615,219	20	$ 7,796,720	$ 11,411,939
2004	121	140,059	3,818,000	20	12,417,897	16,235,897
2005	140	-	250,000	19	15,052,119	15,302,119
2006	146	26,639	114,860,200	12	13,980,955	128,841,155
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	11,653,000	8	5,298,500	16,951,500

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				
	2003	2004	2005	2006	2007
General Government					
Administration	5.00	5.00	5.00	5.00	5.00
Finance	6.00	6.00	6.00	6.00	7.00
Community Development	6.00	7.00	7.00	8.00	9.00
Police	17.00	17.00	17.00	18.00	19.00
Public Works & Engineering	22.50	22.00	20.90	21.90	25.90
Transportation	8.50	10.00	10.00	13.00	13.00
Fleet Maintenance	10.00	10.00	10.10	11.10	12.10
Recreation	18.00	17.00	17.00	17.00	18.00
Total	93.00	94.00	93.00	100.00	109.00

	2008	2009	2010	2011	2012
General Government					
Administration	5.75	5.75	5.75	5.75	5.75
Finance	7.00	7.00	8.00	8.00	8.00
Community Development	8.75	6.75	6.75	5.00	4.00
Police	21.00	22.00	22.00	20.00	20.00
Public Works & Engineering	26.90	25.65	22.40	22.40	20.40
Transportation	14.00	8.00	4.50	4.35	4.35
Fleet Maintenance	12.10	13.10	13.10	9.25	7.25
Recreation	19.00	16.00	14.00	12.00	12.00
Total	114.50	104.25	96.50	86.75	81.75

Source: Town of Avon Budget

TOWN OF AVON, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Town of Avon Facilities and Services:				
Miles of Streets	22.34	22.34	23.11	23.04
Number of Street Lights	465	465	465	408
Culture and Recreation:				
Miles of Bike/Pedestrian Paths	5.00	5.48	5.48	5.60
Parks / Lakes	3/1	4/1	4/1	5/1
Park Acreage	668	671	671	672
Tennis / Volleyball / Basketball 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				
Police Protection:				
Number of Stations	1	1	1	1
Number of Police Personnel and Officers	17	17	17	18
Number of Patrol Units	11	11	11	12
Number of Law Violations:				
General Ordinance Violations	273	303	284	278
Traffic Violations	375	230	309	566
Parking Violations	204	201	286	245
Facilities and Services Not Included in the Reporting Entity:				
Libraries:				
Number of Libraries / Volumes	1 / 72,107	1 / 73,329	1 / 77,966	1 / 78,021
Water System:				
Miles of Water Mains	24.99	24.99	24.99	24.99
Number of Service Connections	3,358	3,376	3,409	3,462
Daily Average Consumption in Gallons	713,058	779,263	790,945	842,234
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	3,489	3,507	3,536	3,546
Maximum Daily Capacity of Treatment Plant in Gallons	4.3MGD	4.3MGD	4.3MGD	4.3MGD
Education:				
Number of Elementary Schools / Instructors	1 / 30	1 / 30	1 / 23	1 / 32
Fire Protection:				
Number of Stations	6	8	8	8
Number of Fire Personnel and Officers	44	45	44	44
Number of Calls Answered	2,144	2,272	2,364	2,572
Number of Inspections Conducted	280	168	215	385

Fiscal Year					
2007	2008	2009	2010	2011	2012
23.04	23.73	23.73	23.73	23.73	23.73
408	433	433	454	632	632
5.60	5.60	5.60	5.60	8.75	8.75
5/1	5/1	5/1	5/1	5/1	5/1
672	672	672	672	672	672
4 / 3 / 3	4 / 3 / 3	4 / 3 / 3	4 / 3 / 3	4 / 2 / 3	4 / 2 / 3
1	1	1	1	1	1
1 / 2	1 / 2	1 / 2	1 / 2	1 / 2	1 / 2
				4	4
1	1	1	1	1	1
16	18	21	20	18	20
12	14	13	15	15	16
333	267	168	157	218	396
243	351	287	831	1,204	495
6	3	13	379	285	110
1 / 85,378	1 / 76,228	1 / 79,560	1 / 80,054	1 / 83,008	1 / 82,193
24.99	24.99	24.99	24.99	24.99	24.99
3,675	3,761	3,787	3,802	3,799	3,814
778,373	943,787	687,693	672,789	687,099	589,567
10MGD	10MGD	10MGD	10MGD	10MGD	10MGD
33.44	33.44	33.44	33.44	33.44	33.44
1	1	1	1	1	1
3,801	3,821	3,913	3,916	3,933	3,953
4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD
1 / 53	1 / 27	1 / 23	1 / 23	1 / 23	1 / 23
9	9	9	9	9	8
51	56	47	56	55	55
2,469	2,855	2,262	2,167	2,198	2,089
494	565	397	141	166	190

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SINGLE AUDIT SECTION

TOWN OF AVON, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
U.S. Department of Justice		
Bulletproof Vest Partnership Program	16.607	$ 435
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3,824
Total U.S. Department of Justice		4,259
U.S. Department of Transportation		
Federal Transit Capital Investment Grants	20.500	1,273,354
Discretionary Funding Section 5309	20.500	305,351
Passed Through Colorado Department of Trasnportation:		
State and Community Highway Safety - NHTSA Click it or Ticket Program	20.600	2,900
Total U.S. Department of Transportation		1,581,605
Total Expenditures of Federal Awards		$ 1,585,864

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, 2012

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity for all federal award programs collected and expended of the Town of Avon, Colorado. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts in these schedules may differ from amounts presented in, or used in the presentation of the basic financial statements.

Note 2. Sub-recipients

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

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Certified Public Accountants and Consultants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Independent Auditor's Report

To the Mayor and Members of Town Council
Town of Avon, Colorado
Avon, CO

We have audited, in accordance with auditing standards generally accepted in the United Stated 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, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 30, 2013.

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 that 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.

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 *Governmental 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
April 30, 2013

McMAHAN AND ASSOCIATES, L.L.C.
Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the Mayor and Members of Town Council
Town of Avon, Colorado
Avon, CO

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 *OMB Circular A-133 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, 2012. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 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.

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, 2012.

To the Mayor and Members of Town Council
Town of Avon, Colorado

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do no 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 charges 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 indentify 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 30, 2013

Town of Avon, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Part I – Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted
Federal Awards:	
Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major programs:	
Federal Transit Capital Investment Grants	CFDA #20.500
Discretionary Funding Section 5309	CFDA #20.500
Dollar threshold used to identify Type A from Type B programs	$300,000
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 note
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, 2012

Note: There were no findings for the fiscal year ended December 31, 2011.