
COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended
December 31, 2006



TOWN OF AVON, COLORADO



TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

Prepared by:
Department of Finance

Scott C. Wright, CPA, CPFO, Director

TOWN OF AVON, COLORADO
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2006

TOWN COUNCIL

Ron Wolfe, Mayor
Brian Sipes, Mayor Pro Tem
Richard Carroll
Dave Dantas
Kristi Ferraro
Amy Phillips
Tamra Nottingham Underwood

MANAGEMENT

Larry Brooks, Town Manager
Jacquie Halburnt, Asst. Town Manager
Eric Heidemann, Director of Community Development
Meryl Jacobs, Director of Recreation
Brian Kozak, Police Chief
Patty McKenny, Town Clerk
Bob Reed, Director of Public Works and Transportation
Norm Wood, Town Engineer
Scott Wright, Finance Director

INDEPENDENT AUDITORS

Clifton Gunderson LLP
Certified Public Accountants

TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE OF CONTENTS

	Page
INTRODUCTION	
Letter of Transmittal	v-x
Certificate of Achievement for Excellence in Financial Reporting	xi
Town of Avon Organization Chart	xii
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-16
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18-19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20-21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22-23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26-27
Notes to the Financial Statements	28-51
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) – Budget and Actual – General Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) – Budget and Actual – Water Fund	54
Notes to Required Supplemental Information	55

TOWN OF AVON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE OF CONTENTS - CONTINUED

Other Supplemental Information	Page
Nonmajor Governmental Funds	57
Combining Balance Sheet – Nonmajor Governmental Funds	58-59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	60-61
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Budget and Actual:	
Mall Maintenance Fund	62
Avon Urban Renewal Authority Fund	63
Community Enhancement Fund	64
Affordable Housing Fund	65
Facilities Reserve Fund	66
Debt Service Fund	67
Avon Metropolitan District Debt Service Fund	68
Capital Projects Fund	69
Transit Fund	72-73
Fleet Maintenance Fund	74-75
Equipment Replacement Fund	78-79
Miscellaneous Schedules:	
Debt Schedule	81
Detailed Schedule of General Fund Expenditures (Budgetary Basis) – Budget and Actual	82-83
Detailed Schedule of General Fund Revenues (Budgetary Basis) – Budget and Actual	84-86
Schedule of Capital Project Fund Project Expenditures (Budgetary Basis) – Budget and Actual	88-89
Local Highway Finance Report	90-91
STATISTICAL SECTION	
Net Assets by Component	95
Changes in Net Assets	96-97
Changes in Fund Balances, Governmental Funds	98-99
Fund Balances, Governmental Funds	100
Tax Revenues by Source, Governmental Funds	101
Assessed Value and Actual Value of Taxable Property	102
Direct and Overlapping Property Tax Rates	103
Principal Taxpayers	104

STATISTICAL SECTION (continued)	Page
Property Tax Levies and Collections	105
Ratios of Outstanding Debt by Type	106
Direct and Overlapping Governmental Activities Debt	107
Ratio of General Bonded Debt Outstanding and Legal Debt Margin	108-109
Demographic and Economic Statistics	110
Principal Employers	111
Commercial and Residential Construction	112
Full-time Equivalent Employees by Function / Program	113
Operating Indicators by Function / Program	114-115

THIS PAGE INTENTIONALLY LEFT BLANK



Avon... a smoke-free community

*Post Office Box 975
400 Benchmark Road
Avon, Colorado 81620*

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

June 11, 2007

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, 2006.

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 Clifton Gunderson LLP, 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, 2006, 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, 2006, 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.

Letter of Transmittal
Town of Avon, Colorado
June 11, 2007

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 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. With a population of 6,349, as most recently determined by the Division of Local Government's demographics division, it is Eagle County's most populous town. Between 1991 and 2000, the Town's population increased by a factor of three. 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 four council members elected in November, 2006, and the remaining three to be elected in November, 2008. 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 but has no power to vote except in the case of a tie of the council members present and voting.

Letter of Transmittal
Town of Avon, Colorado
June 11, 2007

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 fund (water fund) are presented as required supplemental information in this report. Budget to actual comparisons for all other Town funds, are included as other supplemental information in this report.

Letter of Transmittal
Town of Avon, Colorado
June 11, 2007

Factors Affecting Financial Condition

Recreation and Tourism. Year-round tourism and skiing-related businesses account for a significant portion of the employment and earned income of area residents. Skier visits at Vail and Beaver Creek account for almost 20% of the total skier visits in Colorado. In addition, Vail was ranked by *SKI Magazine* as the #1 ski resort in North America for the fourteenth time in nineteen years for the 2006-07 season, while Beaver Creek was ranked 4th.

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 including the 4th of July fireworks display. In 1999, the area was host to the World Alpine Ski Championships and in 2001 was host to the World Mountain Bike Championships. Several championship golf courses are located in Eagle County and Golf Digest has rated Eagle County as one of the top 40 golf communities in which to live. Other summer activities include horseback riding, bicycling, rafting, and other recreational sports.

Development. A significant amount of development has occurred in Avon over the past decade because of the Town's prime location between the ski areas of Vail and Beaver Creek. Beaver Creek's position as a very high quality, destination year-round resort has also influenced Avon's growth and development. As the population center of Eagle County continues to move west from Vail, Avon will have a large role in the future growth and development of the area.

In 2006, the Town approved a development agreement with East West Partners for the Westin Riverfront Resort & Spa project located on the site formerly referred to as the Confluence, located at the confluence of Beaver Creek and the Eagle River, and now platted as the Riverfront subdivision. The development includes a Westin Hotel, time-share and whole-ownership units, a riverfront park (to be dedicated to the Town), a public plaza, and a high-speed gondola that will connect the project to Beaver Creek Landing and to Town Center West via two surface railroad crossings. Initial excavation of the site began in April, 2006, with completion of the Westin Hotel anticipated in 2008.

A recommendation for approval was received by the Town in 2006 after an extensive review and hearing process with the Public Utilities Commission (PUC) for the two railroad crossings mentioned above. These crossings will be the primary vehicular connection between Riverfront and Town Center West. These crossings will also provide pedestrian and bicycle connections between the regional trail along the Eagle River and the Nottingham Park trail and Town Center pedestrian areas. Construction is anticipated to be completed in 2007.

Letter of Transmittal
Town of Avon, Colorado
June 11, 2007

In 2006, after exercising its powers of eminent domain, the Town acquired legal title to a parcel of land for a multi-modal transportation center. This parcel, which is part of the Avon Town Square property located next to the railroad tracks and Riverfront subdivision on the south, and the Town Center West project on the north, is part of the transportation center and will provide connection and interaction of multi-transportation modes including automobile, local and regional bus service, future light-rail, the Beaver Creek gondola and pedestrians. Construction is expected to commence in April 2007 and be complete by November 2007 and is expected to correspond with construction of the railroad crossings and completion of public improvements in the Riverfront subdivision. In 2006, Eagle County funded \$400,000 toward this project and subsequently the Town was awarded an additional grant from the Colorado Department of Transportation for construction in the amount of \$2,130,488.

In 2006 the Town began the process of creating an urban renewal authority in order to facilitate the financing of public improvements and to encourage redevelopment in the core area of Avon. The Avon Urban Renewal Authority Fund was established and an agreement approved for an initial conditions survey to determine if conditions of blight exist within the urban renewal area.

Work was completed in 2006 on construction of a whitewater park in the Eagle River south of the Westin Riverfront project. The whitewater park was developed to establish a recreational destination and natural pleasantness along the Eagle River through Avon and will dramatically increase the recreational opportunities that the Eagle River provides in the Town of Avon. The river enhancement project consists of a newly installed boat ramp, a spectator viewing terrace, additional wetland planting and three river features.

Cash Management Policies and Procedures. Cash temporarily idle during the year was invested in direct obligations of the U.S. Treasury and U.S. Instrumentalities, as well as local government investment pools and money market mutual funds. At year-end, the maturities of the U.S Treasury and Instrumentality obligations range from 18 days to 4.86 years, with an weighted average final maturity of 620 days. The weighted average yield at cost on these investments is 4.31%. Investment income includes appreciation in the fair value of investments.

Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the Town intends to hold to maturity.

Letter of Transmittal
Town of Avon, Colorado
June 11, 2007

Risk Management. The Town of Avon has an aggressive risk management program which encompasses the functions of safety/loss prevention, loss control, risk financing, risk transfer, and risk assessment. Any claims are promptly reported to the Town's Finance Officer for investigation and follow-up.

Vehicular and property claims are reviewed during the Town's weekly safety review meeting for recommendation regarding possible corrective action.

The Town has continued its participation in CIRSA, the Colorado Intergovernmental Risk Sharing Agency, which is a self-funded municipal pool of approximately 240 Colorado municipalities and special districts. Workers compensation insurance is purchased from Pinnacol Assurance Company.

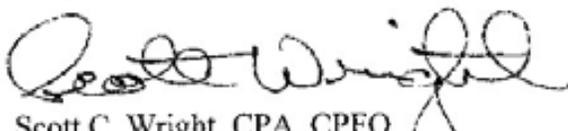
Awards and Acknowledgements

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, 2005. This was the fifteenth 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.

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
Assistant Town Manager - Finance

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, 2005

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.



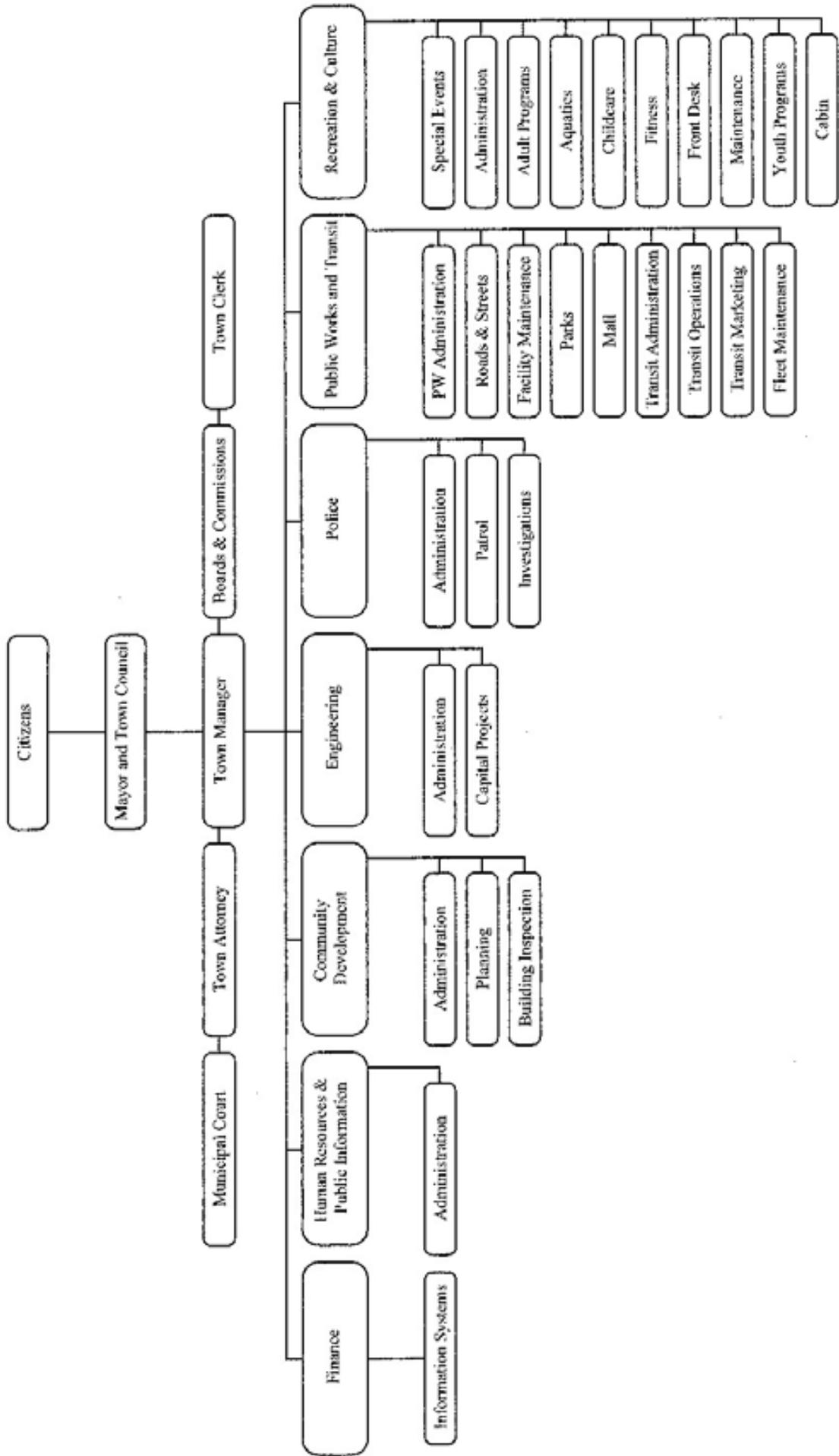
A handwritten signature in black ink, appearing to read "Ronald H. Hahn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

TOWN OF AVON ORGANIZATION CHART





Independent Auditor's Report

Town Council
Town of Avon, Colorado

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 the Town of Avon, Colorado as of and for the year ended December 31, 2006 which collectively comprise the Town of Avon, Colorado's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Avon, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Town of Avon, Colorado as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 53 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Avon, Colorado's basic financial statements. The combining and individual fund statements and miscellaneous schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents 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.

Clifton Henderson LLP

Greenwood Village, Colorado
June 11, 2007

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, 2006. 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 pages v-x of this report.

Financial Highlights

- The assets of the Town of Avon exceeded its liabilities at the close of the most recent fiscal year by \$46,172,792 (*net assets*). Of this amount, \$19,789,981 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$4,914,552.
- As of the close of the current fiscal year, the Town of Avon's governmental funds reported combined ending fund balances of \$18,356,299, an increase of \$3,146,728 in comparison with the prior year. Approximately ninety-three percent (93%) of this total amount, \$17,096,706, is *available for spending* at the Town's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,340,441, or sixty-four percent (65%) of total general fund expenditures.
- The Town of Avon's total bonded debt decreased by \$1,523,301 during the current fiscal year due to scheduled debt service payments on outstanding bonds and amortization of original issue discount.

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 assets* presents information on all of the Town of Avon's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 vacation leave).

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 Town of Avon Finance Authority (Authority) which was incorporated in 1998 as a Colorado nonprofit corporation, with the sole purpose of facilitating Town financings, including capital leases. The Authority has a three-member board of directors who serve without compensation and have no private or proprietary interest in the Authority. The Authority is included in the Town's financial statements because the Town appoints the board members of the Authority and has financial accountability for the Authority. The Authority's accounting transactions have been blended with the Town's general fund and fleet maintenance fund.

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 eight 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, water fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other six nonmajor governmental funds (mall maintenance fund, Avon urban renewal authority fund, community enhancement fund, affordable housing fund, facilities reserve fund,

and Avon Metropolitan District debt service 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 28-51 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 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 57-91 of this report.

Government-wide Financial Analysis

NET ASSETS

	Governmental Activities		Business-type Activities		Total Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$25,665,472	\$21,698,330	\$1,014,873	\$ 671,710	\$26,680,345	\$22,370,040
Capital Assets, net	<u>34,817,094</u>	<u>34,807,520</u>	<u>5,673,612</u>	<u>6,022,517</u>	<u>40,490,706</u>	<u>40,830,037</u>
Total Assets	<u>60,482,566</u>	<u>56,505,850</u>	<u>6,688,485</u>	<u>6,694,227</u>	<u>67,171,051</u>	<u>63,200,077</u>
Other Liabilities	5,680,273	5,180,568	85,826	142,620	5,766,099	5,323,188
Noncurrent Liabilities	<u>11,375,146</u>	<u>12,578,267</u>	<u>3,857,014</u>	<u>4,040,382</u>	<u>15,232,160</u>	<u>16,618,649</u>
Total Liabilities	<u>17,055,419</u>	<u>17,758,835</u>	<u>3,942,840</u>	<u>4,183,002</u>	<u>20,998,259</u>	<u>21,941,837</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	23,801,715	23,123,596	1,884,063	2,039,744	25,685,778	25,163,340
Restricted	697,093	560,337	-	-	697,093	560,337
Unrestricted	<u>18,928,339</u>	<u>15,063,082</u>	<u>861,582</u>	<u>471,481</u>	<u>19,789,921</u>	<u>15,534,563</u>
Total Net Assets	<u>\$43,427,147</u>	<u>\$38,747,015</u>	<u>\$2,745,645</u>	<u>\$2,511,225</u>	<u>\$46,172,792</u>	<u>\$41,258,240</u>

The largest portion of the Town's net assets (55.6%) 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 assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$19,789,921) may be used to meet the Town's ongoing obligations to citizens and creditors.

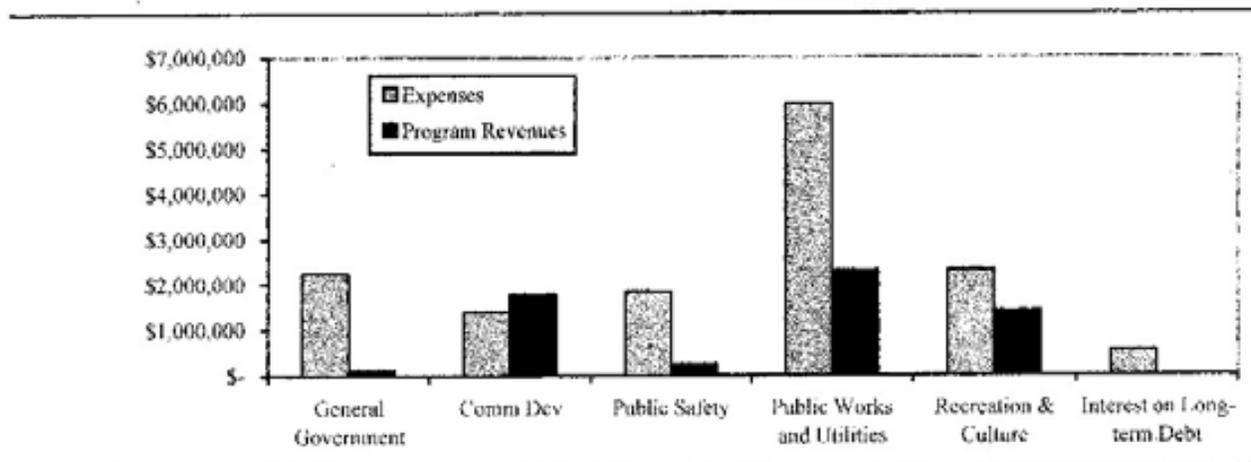
CHANGE IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 4,150,236	\$ 2,750,881	\$ 3,190,835	\$ 2,921,794	\$ 7,341,071	\$ 5,672,675
Operating Grants and Contributions	52,538	10,283	-	-	52,538	10,283
Capital Grants and Contributions	1,662,000	307,500	-	195,532	1,662,000	503,032
General Revenues:						
Taxes:						
Property Taxes	2,765,362	2,597,622	-	-	2,765,362	2,597,622
Real Estate Transfer Tax	3,039,518	3,254,490	-	-	3,039,518	3,254,490
Sales and Accommodation Taxes	5,873,857	5,590,224	-	-	5,873,857	5,590,224
Other Taxes	716,685	646,475	-	-	716,685	646,475
Unrestricted Investment Earnings	826,004	446,097	-	-	826,004	446,097
Miscellaneous	1,138,046	1,411,429	-	-	1,138,046	1,411,429
Gain (Loss) on Sale of Capital Assets	(2,097)	(3,532)	-	-	(2,097)	(3,532)
Total Revenues	<u>20,222,149</u>	<u>17,011,469</u>	<u>3,190,835</u>	<u>3,117,326</u>	<u>23,412,984</u>	<u>20,128,795</u>
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	2,234,335	1,873,292	-	-	2,234,335	1,873,292
Community Development	1,392,669	935,419	-	-	1,392,669	935,419
Public Safety	1,853,452	1,637,769	-	-	1,853,452	1,637,769
Public Works and Utilities	5,975,905	4,925,854	-	-	5,975,905	4,925,854
Recreation and Culture	2,313,164	2,208,149	-	-	2,313,164	2,208,149
Interest on Long-term Debt	552,492	606,188	-	-	552,492	606,188
Business-type Activities:						
Transportation	-	-	2,187,410	1,855,183	2,187,410	1,855,183
Fleet Maintenance	-	-	1,989,005	1,942,338	1,989,005	1,942,338
Total Expenses	<u>14,322,017</u>	<u>12,186,671</u>	<u>3,797,521</u>	<u>3,797,521</u>	<u>18,498,432</u>	<u>15,984,192</u>
Excess (Deficiency) Before Transfers	5,900,132	4,824,798	(985,580)	(680,195)	4,914,552	4,144,603
Transfers	(1,220,000)	(995,000)	1,220,000	995,000	-	-
Increase in Net Assets	<u>4,680,132</u>	<u>3,829,798</u>	<u>234,420</u>	<u>314,805</u>	<u>4,914,552</u>	<u>4,144,603</u>
Net Assets, Beginning	<u>38,747,015</u>	<u>34,917,217</u>	<u>2,511,225</u>	<u>2,196,420</u>	<u>41,258,240</u>	<u>37,113,637</u>
Net Assets, Ending	<u>\$43,427,147</u>	<u>\$38,747,015</u>	<u>\$ 2,745,645</u>	<u>\$ 2,511,225</u>	<u>\$46,172,792</u>	<u>\$41,258,240</u>

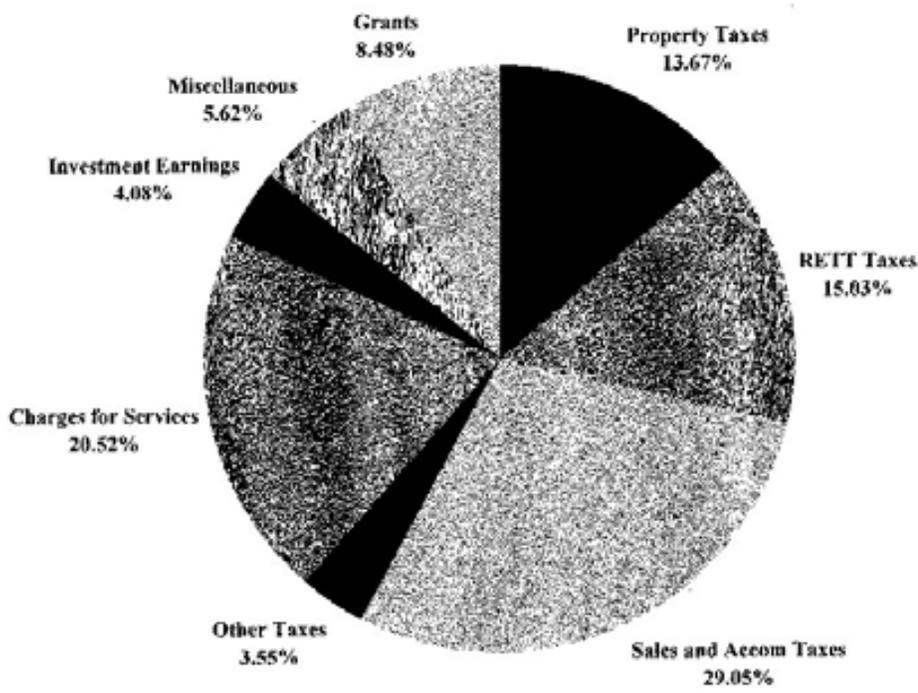
Governmental Activities. Governmental activities increased the Town's net assets by \$4,680,132 for 2006, accounting for 95.2% of the growth in the net assets of the Town. Key elements of this increase as follows:

- The cost of all governmental activities in 2006 was \$14,322,017, a 17.5% increase from the prior year. This increase was due to the hiring of additional personnel and overall increases in departmental operating budgets.
- Charges for services increased by \$1,399,355, with the majority of this increase in building permit and plan check fees related to the new Westin Riverfront Resort construction project in Avon.
- General tax revenues increased \$306,611 from the prior year.
- Investment earnings increased by \$379,907 or 85% from the previous year.
- The Town received \$400,000 from Eagle County as a capital grant for its new transportation center and \$1,006,000 from a developer towards affordable housing and remodeling of the fire station.

Expenses and Program Revenues – Governmental Activities

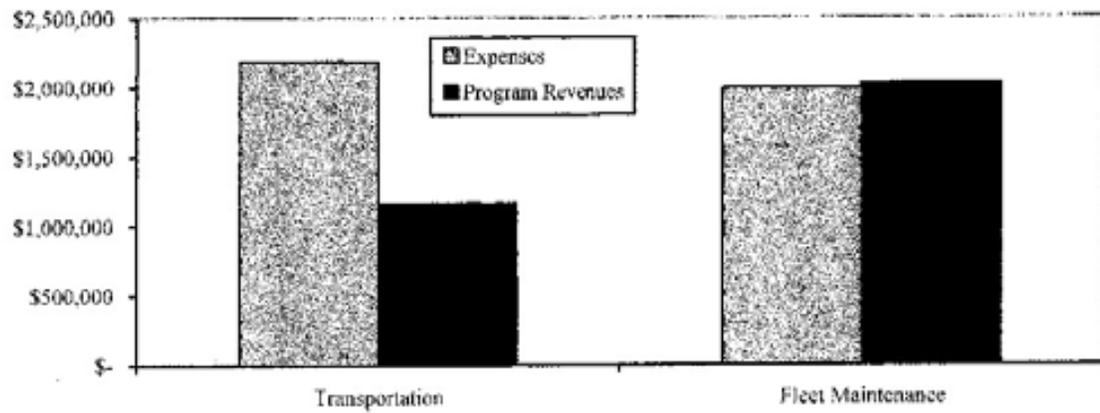


Revenues by Source – Governmental Activities

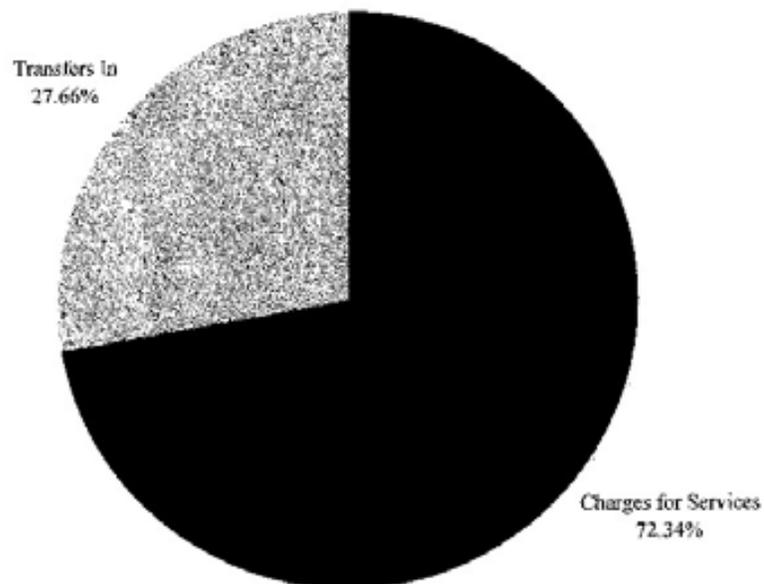


Business-type activities. Net assets of business-type activities increased by \$234,420 in 2006. The key element of this increase were transfers to the Transit Fund in anticipation of a matching requirement for a federal grant for a new bus. The bus was not received in 2006 so there were no capital expenditures made nor federal grant funds recognized as revenue.

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, 2006 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	<u>2006</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>2005</u> <u>Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Taxes	\$12,395,422	61.29%	\$12,057,347	\$ 338,075	2.80%
Licenses and Permits	827,890	4.09%	249,032	578,858	232.44%
Intergovernmental	2,523,356	12.48%	984,333	1,539,023	156.35%
Charges for Services	3,004,306	14.86%	2,388,948	615,358	25.76%
Fines and Forfeitures	73,854	.37%	53,448	20,406	38.18%
Special Assessments	-	.00%	31,464	(31,464)	N/A
Investment Earnings	826,004	4.08%	446,097	379,907	85.16%
Other Revenues	<u>573,414</u>	<u>2.83%</u>	<u>804,332</u>	<u>(230,918)</u>	<u>(28.71%)</u>
Total	<u>\$20,224,246</u>	<u>100.00%</u>	<u>\$17,015,001</u>	<u>\$ 3,209,245</u>	

Tax collections increased a net of \$338,075 due primarily to a \$304,822 increase in sales tax and accommodation tax revenues, an increase of \$181,492 in property and specific ownership taxes, and a decrease in real estate transfer taxes of \$214,972.

Assessed values of property within the Town increased by 10.44%. The general operating mill rate for the Town remained the same at 8.956 mills while the debt service mill rate dropped 0.442 mills to 4.383 mills. The debt service mill rate for the Avon Metropolitan District dropped 0.196 mills from 3.479 mills in 2005 to 3.283 mills in 2006.

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 decreased 6.6%, from their highest level ever in 2005 of \$3,254,490 to \$3,039,518 in 2006. The Town budgets these revenues conservatively but the ongoing strength in our local real estate market continues to bring positive variances to our estimated revenues in this area.

Significant building permit and plan check fees associated with the new Riverfront Village development project are the driving force behind the large increases in both licenses and permits revenues and charges for services. In addition, the developer of the Westin Riverfront Resort project, as part of the development agreement, contributed \$1,006,000 to the Town in the form of exactions for affordable housing and remodeling of the fire station. This contribution, plus an additional \$400,000 received from Eagle County as a grant toward the Town's new transportation facility, resulted in a 156.35% increase in intergovernmental revenues reported above.

Professional portfolio management by MBIA Municipal Investment Services Corporation combined with generally higher interest rates resulted in growth of investment earnings of over 85% from \$446,097 in 2005 to \$826,004 in 2006.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2006 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	<u>2006 Amount</u>	<u>Percent of Total</u>	<u>2005 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:					
General Government	\$ 2,127,325	13.30%	\$ 1,742,961	\$ 384,364	22.05%
Community Development	912,855	5.71%	532,290	380,565	71.50%
Public Safety	1,879,582	11.76%	1,667,280	212,302	12.73%
Public Works and Utilities	2,819,023	17.63%	2,748,931	70,092	2.55%
Recreation and Culture	2,168,903	13.56%	2,024,614	144,289	7.13%
Capital Improvements	4,245,404	26.55%	2,758,137	1,487,267	53.92%
Debt Service:					
Principal	1,296,250	8.11%	1,297,500	(1,250)	(0.10%)
Interest	504,122	3.15%	555,343	(51,221)	(9.22%)
Fiscal Charges	36,179	0.23%	35,762	417	1.17%
Total	<u>\$15,989,643</u>	<u>100.00%</u>	<u>\$13,362,818</u>	<u>\$ 2,626,825</u>	

Capital improvement expenditures increased in 2006 by 26.55%. Contributions of \$1,176,000 toward certain public improvements and amenities located within the Westin Riverfront Resort development were made by the Town pursuant to the 2006 development agreement. Other significant capital improvement expenditures are detailed under the capital assets discussion on page 13 of this report.

Personnel costs increased throughout nearly every department due to the hiring of 6 new full-time positions and cost increases in health insurance. Fuel and other petroleum based products contributed to overall cost increases in commodities. General government expenditures increased in 2006 due to increases in marketing, financial support and contributions to outside organizations.

Plan review on the Westin Riverfront Resort hotel was contracted out to a third party resulting in a large increase in contractual services in the Community Development department. This cost is recovered by plan check fees billed to the developer.

Debt Service principal payments remained essentially the same in 2006. However, interest expense declined due to the payoff of nearly \$1.3 million in principal from the prior year. This trend will continue over the next several years as the Town's existing bonded indebtedness declines.

The Town of Avon's governmental funds reported combined ending fund balances of \$18,356,299, an increase of \$3,146,728 from the prior year. Over 93% of this total amount (\$17,096,706) constitutes *unreserved fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed 1) to pay debt service, or 2) to be expended only in the instance of a "emergency" as defined by the Colorado constitution.

The general fund is the chief operating fund of the Town of Avon. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,340,441, while total fund balance reached \$6,907,953. As a measure of the general fund's liquidity, it can be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 64.5% of total fund expenditures, while total fund balance represents 70.3% of that same amount.

The fund balance of the general fund increased by \$1,134,336, or 19.6%, in 2006. This was a favorable variance of \$663,727 over the increase of \$470,609 that was budgeted. Strong growth in the Town's general sales taxes, late-year building permit revenues from a large development, and departmental budgetary savings all contributed to this increase. The fund balance of the general fund represents approximately sixty-seven percent (67%) of 2006 general fund appropriations or the equivalent of approximately 8 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.

The fund balance of the Town's capital projects fund increased by \$273,723 or 3.7%, in 2006. The Town has typically funded its capital improvements on a pay-as-you-go basis, so accumulations of large fund balances are necessary to fund large projects. Because of the nature of this fund, where large capital improvement project expenditures are reported, large decreases in fund balance are also not unusual.

The fund balance of the Town's debt service fund increased by \$36,045 during 2006 to a total balance of \$642,448. Debt service reserves from the Series 1998 Certificates of Participation that are held in trust constitute \$567,535 of the balance.

General Fund Budgetary Highlights

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 difference between the original budget and the final amended budget totaled \$1,381,671 (increase in appropriations and transfers-out) for the 2006 budget year. Of this increase, \$943,309 were increases in transfers-out to four new funds established by the Town for various purposes. The majority of the remaining increases were in the Community Development department for contractual services for plan review associated with the new Westin Riverfront Resort hotel.

Actual revenues exceeded estimated revenues by a total of \$191,329. Of this amount, charges for services made up \$151,631 of the excess collected, with investment earnings exceeding estimated revenues by \$71,099. Expenditures were under budget by a total of \$471,773. The majority of these savings were in the areas of public works (\$266,197) and recreation and culture (160,545).

Capital Asset 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, 2006, amounts to \$40,490,706 (net of accumulated depreciation). This investment in capital assets includes land, public art, buildings, infrastructure, and machinery and equipment (see table below). The total decrease in the Town's investment in capital assets for the current fiscal year was 0.83% (a 0.27% increase for governmental activities and a 5.79% decrease for business-type activities).

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

- Condemnation of land begun in 2005 to acquire land for a new transportation center was completed at a total cost of \$1,031,776. Once the acquisition of the land was completed, planning and design, surveying, and engineering work was started. The total amount spent on the project in 2006 was \$581,675, with \$983,440 spent in 2005 and a total project budget of \$4,044,562.
- A whitewater park located on the Eagle River was completed by the Town in 2006 at a total project cost of \$546,170.
- A bike path connecting the Swift Gulch Road bike path to the roundabout north of Interstate 70 was completed in 2006 at a total project cost of \$270,051.
- A multi-year project to switch over Town street lights and lamps to comply with the new lighting ordinance was begun in 2006 with initial expenditures of \$110,074.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 8,791,262	\$ 7,759,487	\$ 130,384	\$ 130,384	\$ 8,921,646	\$ 7,889,871
Public Art	1,361,400	1,361,400	-	-	1,361,400	1,361,400
Water Rights	1,442,986	1,442,986	-	-	1,442,986	1,442,986
Construction in Progress	670,810	1,128,583	-	-	670,810	1,128,583
Buildings	6,308,540	6,649,456	4,785,225	4,999,916	11,093,765	11,649,372
Mach. & Equip.	1,600,432	1,736,024	758,003	892,217	2,358,435	2,628,241
Infrastructure	<u>14,641,664</u>	<u>14,729,584</u>	<u>-</u>	<u>-</u>	<u>14,641,664</u>	<u>14,729,584</u>
Total	<u>\$34,817,094</u>	<u>\$34,807,520</u>	<u>\$ 5,673,612</u>	<u>\$ 6,022,517</u>	<u>\$40,490,706</u>	<u>\$40,830,037</u>

Additional information on the Town of Avon's capital assets can be found in Note 4 on pages 38-39 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Avon had total bonded debt outstanding in the amount of \$14,483,774. Of this amount, \$6,393,774 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 \$4,980,000. The remainder of the Town's debt, \$3,110,000, represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Town of Avon's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
G. O. Bonds	\$ 6,393,774	\$ 7,282,075	\$ -	\$ -	\$ 6,393,774	\$ 7,282,075
Revenue Bonds	3,110,000	3,440,000	-	-	3,110,000	3,440,000
Certificates of Participation	<u>1,245,000</u>	<u>1,321,250</u>	<u>3,735,000</u>	<u>3,963,750</u>	<u>4,980,000</u>	<u>5,285,000</u>
Total	<u>\$10,748,774</u>	<u>\$12,043,325</u>	<u>\$ 3,735,000</u>	<u>\$ 3,963,750</u>	<u>\$14,483,774</u>	<u>\$16,007,075</u>

The Town of Avon's bonded debt decreased by \$1,523,301 during the current fiscal year. Regular principal payments were made on bonded debt in the amount of \$1,525,000 and original interest discounts were amortized in the amount of \$1,699.

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 \$37,547,886, which is significantly greater than the Town's outstanding general obligation debt.

The Town's ratio of net bonded debt to actual taxable property value is 0.39%, which is the lowest in history and down from a high of 2.32% in 1997. In addition, the Town's net bonded debt per capita is \$736, again the lowest in history.

Additional information on the Town's long-term debt can be found in Note 5 on pages 39-45 of this report.

Economic Factors and Next Year's Budget and Rates

The Town's economic outlook has improved significantly from just a few years ago. With that the Town concentrated most of its financial efforts in addressing personnel issues, capital projects, new development, and transportation services and funding.

Personnel. Due to economic and budgetary concerns early in this decade, significant cut-backs in full-time personnel were made by the Town. In 2007, ten new positions are being hired in order to restore some of these previous cuts and to help meet current levels of service. The 2007 budget includes a merit-based raise pool of 5% which is in line with market increases in other nearby jurisdictions. In addition, the Town gave all full-time employees a 3% cost-of-living raise effective January 1, 2007.

New Funds. As discussed earlier, four new funds have been established in order for the Town to budget and account for monies earmarked for specific purposes:

- The Avon Urban Renewal Authority fund was established to account for monies that will be spent in forming an urban renewal authority.
- A Community Enhancement Fund was established pursuant to the Town's franchise agreement with Holy Cross Energy. Revenues are generated by a 1% franchise tax on gross revenues from Avon customers. These revenues can only be spent on beautification projects, energy conservation, equipment and technology upgrades for

schools, scholarship funds, open space or park land, special community events, and undergrounding of utility lines.

- A Facilities Reserve Fund was established to annually set aside funds for future major repairs of the Town's facilities.
- An Affordable Housing Fund was established to reserve funds that have been collected through developer exactions for the specific purpose of fulfilling obligations for affordable housing within the Town.

2007 Budget Overview. General Fund revenues are estimated at \$13,744,950 in 2007, with taxes making up the majority (\$8,552,035; 63.94%) of total revenues. Sales tax collections represents 62.70% of total taxes, with general property taxes representing 17.95% and payments in-lieu-of sales tax 5.58%.

Appropriations for general fund operating expenditures for 2007 total \$13,570,207. Expenditures for public works makes up the largest portion, equaling approximately 30.25% of general operating expenditures for 2007. Recreational expenditures make up an additional 22.1% of general operating expenditures.

As reflected by the most current supplemental budget amendment, capital improvement expenditures in the Capital Projects Fund will total \$9,729,919 in 2007. Major projects include: \$2,664,100 for construction of the transportation center as discussed earlier, \$1,268,878 for Eaglebend Drive streetscape, \$1,007,876 for the railroad crossing project discussed earlier, \$468,189 for expansion of Town Hall, and \$845,543 for the Roundabout 4 conversion project. Planning and design in the amount of \$328,500 is budgeted for the Benchmark Road re-alignment project associated with the Town Center West conceptual plan. Funds are also appropriated for various paving and road improvements, Eagle River recreation access, various stormwater and drainage projects, and various planning and analysis. Real estate transfer tax collections are budgeted at \$2,500,000 for 2007.

Proposed debt service appropriations equal \$1,833,689 for 2007. Property tax revenues on general obligation bonds make up 66% of this cost with sales tax revenues and interest earnings making up the difference.

As amended, appropriations for the Transit Enterprise Fund will total \$3,564,848 in 2007. Of this amount, \$1,272,000 is budgeted to be subsidized from the Town's General Fund. Charges for services from Beaver Creek for operating the parking lot routes to Beaver Creek Village total \$1,159,504. Other revenues include FTA grants in the amount of \$998,279 for the purchase of three new buses totaling \$1,300,000.

The Town's assessed valuation grew by 1.4% in 2006 to a total value of \$171,296,170. The Town's mill rate for general operating purposes will remain at 8.956 mills, while the mill rate for debt service will decrease slightly from 4.383 to 4.331 mills. This decrease will allow property tax revenues in the debt service fund to remain approximately at the same level as the prior year.

Sales tax revenues for 2007 are budgeted to increase \$369,287 from revised 2006 estimates, an increase of 6.75%. This increase also takes into account the payment in-lieu-of taxes discussed above.

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.

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

Scott Wright, CPA, CPFO
Assistant Town Manager - Finance

TOWN OF AVON, COLORADO

STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,814,682	\$ 306,018	\$ 4,120,700
Investments	15,212,681	-	15,212,681
Receivables	4,529,677	556,732	5,086,409
Internal Balances	200,000	(200,000)	-
Inventory	-	352,123	352,123
Deposits	16,259	-	16,259
Restricted Assets - Cash and Cash Equivalents	1,810,652	-	1,810,652
Other Assets	81,521	-	81,521
Capital Assets, net of accumulated depreciation:			
Nondepreciable	12,266,458	130,384	12,396,842
Depreciable	22,550,636	5,543,228	28,093,864
Total Assets	60,482,566	6,688,485	67,171,051
LIABILITIES			
Accounts Payable	567,322	24,824	592,146
Accrued Liabilities	141,272	43,685	184,957
Accrued Interest Payable	72,386	15,217	87,603
Deposits and Reserves	857,668	2,100	859,768
Deferred Taxes	2,763,603	-	2,763,603
Unearned Revenues	15,857	-	15,857
Liabilities Payable from Restricted Assets	1,262,165	-	1,262,165
Noncurrent Liabilities:			
Due Within One Year	1,729,991	314,579	2,044,570
Due In More Than One Year	9,645,155	3,542,435	13,187,590
Total Liabilities	17,055,419	3,942,840	20,998,259
NET ASSETS			
Investment in Capital Assets, net of Related Debt	23,801,715	1,884,063	25,685,778
Restricted For:			
Debt Service	129,581	-	129,581
TABOR Emergency Reserve	567,512	-	567,512
Unrestricted	18,928,339	861,582	19,789,921
Total Net Assets	\$ 43,427,147	\$ 2,745,645	\$ 46,172,792

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

TOWN OF AVON, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,236,432	\$ 117,639	\$ -	\$ -
Community Development	1,392,669	1,780,142	-	-
Public Safety	1,853,452	199,906	52,538	-
Public Works and Utilities	5,975,905	641,903	-	1,662,000
Recreation and Culture	2,313,164	1,410,646	-	-
Interest and Fiscal Charges on Long-term Debt	552,492	-	-	-
Total Governmental Activities	14,324,114	4,150,236	52,538	1,662,000
Business-type Activities:				
Transportation	2,187,410	1,164,252	-	-
Fleet Maintenance	1,989,005	2,026,583	-	-
Total Business-type Activities	4,176,415	3,190,835	-	-
Total Primary Government	\$ 18,500,529	\$ 7,341,071	\$ 52,538	\$ 1,662,000

General Revenues:

Property Taxes, Levied for General Purposes
 Property Taxes, Levied for Debt Service
 Real Estate Transfer Taxes
 Sales and Accommodation Taxes
 Other Taxes
 Unrestricted Investment Earnings
 Miscellaneous

Transfers

Total General Revenues and Transfers

Increase in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,118,793)	\$ -	\$ (2,118,793)
387,473	-	387,473
(1,601,008)	-	(1,601,008)
(3,672,002)	-	(3,672,002)
(902,518)	-	(902,518)
(552,492)	-	(552,492)
<u>(8,459,340)</u>	<u>-</u>	<u>(8,459,340)</u>
-	(1,023,158)	(1,023,158)
-	37,578	37,578
<u>-</u>	<u>(985,580)</u>	<u>(985,580)</u>
<u>(8,459,340)</u>	<u>(985,580)</u>	<u>(9,444,920)</u>
1,529,847	-	1,529,847
1,235,515	-	1,235,515
3,039,518	-	3,039,518
5,873,857	-	5,873,857
716,685	-	716,685
826,004	-	826,004
1,138,046	-	1,138,046
(1,220,000)	1,220,000	-
<u>13,139,472</u>	<u>1,220,000</u>	<u>14,359,472</u>
4,680,132	234,420	4,914,552
<u>38,747,015</u>	<u>2,511,225</u>	<u>41,258,240</u>
<u>\$ 43,427,147</u>	<u>\$ 2,745,645</u>	<u>\$ 46,172,792</u>

TOWN OF AVON, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2006

	General Fund	Water Fund	Debt Service Fund	Capital Projects Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 342,484	\$ 75,204	\$ 61,260
Investments	6,625,363	895,687	-	7,691,631
Receivables:				
- Interest	65,263	13,145	-	70,057
- Taxes	2,529,079	-	741,917	54,801
- Accounts	248,209	-	-	60,845
- Intergovernmental	120,679	19,022	-	-
- Employees	26,567	-	-	-
Due from Other Funds	203,000	-	-	-
Deposits	16,259	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	-	567,535	1,243,117
Total Assets	\$ 9,834,419	\$ 1,270,338	\$ 1,384,656	\$ 9,181,711
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 377,963	\$ 113	\$ 324	\$ 188,027
Accrued Liabilities	140,850	422	-	-
Deposits and Reserves	857,668	-	-	-
Due to Other Funds	-	-	-	-
Deferred Taxes	1,534,128	-	741,884	-
Deferred or Unearned Revenues	15,857	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	1,262,165
Total Liabilities	2,926,466	535	742,208	1,450,192
Fund Balances:				
Reserved For:				
Debt Service	-	-	642,448	-
TABOR Emergency Reserve	567,512	-	-	-
Unreserved, Designated for, Reported in:				
Subsequent Year's Expenditures	-	409,018	-	1,490,848
Special Revenue Funds	-	-	-	-
Unreserved, Reported In:				
General Fund	6,340,441	-	-	-
Special Revenue Funds	-	860,785	-	-
Capital Projects Funds	-	-	-	6,240,671
Total Fund Balances	6,907,953	1,269,803	642,448	7,731,519
Total Liabilities and Fund Balances	\$ 9,834,419	\$ 1,270,338	\$ 1,384,656	\$ 9,181,711

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Other Governmental Funds	Total		
		Total Governmental Fund Balances	<u>\$ 18,356,299</u>
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 1,715,969	\$ 2,194,917	Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.	
-	15,212,681	- Capital Assets	56,417,369
-	148,465	- Accumulated Depreciation	<u>(24,058,993)</u>
487,614	3,813,411		<u>32,358,376</u>
92,479	401,533		
-	139,701	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 in the fund balance sheet.	
-	26,567	- Bonds Payable	(10,669,593)
-	203,000	- Capital Leases	(427,307)
-	16,259	- Compensated Absences	<u>(278,246)</u>
-	<u>1,810,652</u>		<u>(11,375,146)</u>
<u>\$ 2,296,062</u>	<u>\$ 23,967,186</u>		
		Governmental funds report the effect of debt issuance costs when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.	<u>81,521</u>
\$ 895	\$ 567,322	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.	
-	141,272		<u>(72,386)</u>
-	857,668		
3,000	3,000	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 Assets.	
487,591	2,763,603		<u>4,078,483</u>
-	15,857		
-	<u>1,262,165</u>		
<u>491,486</u>	<u>5,610,887</u>	Net Assets of Governmental Activities	<u>\$ 43,427,147</u>
49,633	692,081		
-	567,512		
-	1,899,866		
20,598	20,598		
-	6,340,441		
1,734,345	2,595,130		
-	<u>6,240,671</u>		
<u>1,804,576</u>	<u>18,356,299</u>		
<u>\$ 2,296,062</u>	<u>\$ 23,967,186</u>		

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Water Fund	Debt Service Fund	Capital Projects Fund
Revenues				
Taxes	\$ 8,120,389	\$ -	\$ 748,699	\$ 3,039,518
Licenses and Permits	827,890	-	-	-
Intergovernmental	905,476	-	-	1,617,880
Charges for Services	2,763,774	240,532	-	-
Fines and Forfeitures	73,854	-	-	-
Investment Earnings	471,099	32,367	27,374	295,164
Other Revenues	220,975	8,690	-	230,387
Total Revenues	13,383,457	281,589	776,073	5,182,949
Expenditures				
Current:				
General Government	2,119,128	-	-	-
Community Development	912,855	-	-	-
Public Safety	1,879,582	-	-	-
Public Works and Utilities	2,747,362	33,733	-	-
Recreation and Culture	2,168,903	-	-	-
Capital Improvements	-	-	-	4,245,404
Debt Service:				
Principal	-	-	911,250	-
Interest	-	-	422,462	-
Fiscal Charges	2,970	-	21,423	-
Total Expenditures	9,830,800	33,733	1,355,135	4,245,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,552,657	247,856	(579,062)	937,545
Other Financing Sources (Uses)				
Transfers In	80,000	-	615,107	262,178
Transfers Out	(2,633,416)	(262,178)	-	(926,000)
Issuance of Capital Lease	133,591	-	-	-
Sales of Capital Assets	1,504	-	-	-
Total Other Financing Sources (Uses)	(2,418,321)	(262,178)	615,107	(663,822)
Net Change in Fund Balances	1,134,336	(14,322)	36,045	273,723
Fund Balances, Beginning of Year	5,773,617	1,284,125	606,403	7,457,796
Fund Balances, End of year	\$ 6,907,953	\$ 1,269,803	\$ 642,448	\$ 7,731,519

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, 2006**

Other Governmental Funds	Total		\$
		Net change in fund balances - Total Governmental Funds	<u>3,146,728</u>
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$ 486,816	\$ 12,395,422	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:	
-	827,890	- Capital Outlay	1,859,589
-	2,523,356	- Depreciation	<u>(1,662,615)</u>
-	3,004,306		196,974
-	73,854		
-	826,004		
113,362	573,414		
<u>600,178</u>	<u>20,224,246</u>		
		Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
8,197	2,127,325	- Compensated Absences	<u>(36,145)</u>
-	912,855		
-	1,879,582	The issuance of capital leases provides current financial resources to to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.	<u>(133,591)</u>
37,928	2,819,023		
-	2,168,903	Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
-	4,245,404	- Capital Lease Principal Payments	86,291
385,000	1,296,250	- Bond Principal Payments and Retirements	<u>1,296,250</u>
81,660	504,122		<u>1,382,541</u>
14,756	39,149		
<u>527,541</u>	<u>15,992,613</u>		
		Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
72,637	4,231,633	- Change in accrued interest payable on outstanding bonds	8,684
1,644,309	2,601,594	- Amortization of deferred loss on refunding and bond premium	(7,985)
-	(3,821,594)	- Amortization of original issue discount	(1,699)
-	133,591	- Amortization of bond issuance costs	<u>(8,221)</u>
-	1,504		<u>(9,221)</u>
<u>1,644,309</u>	<u>(1,084,905)</u>	The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual funds. The increase in net assets of the internal service fund is included in governmental activities.	<u>132,846</u>
1,716,946	3,146,728		
87,630	15,209,571		
<u>\$ 1,804,576</u>	<u>\$ 18,356,299</u>	Change in Net Assets of Governmental Activities	<u>\$ 4,680,132</u>

TOWN OF AVON, COLORADO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 196,853	\$ 109,165	\$ 306,018	\$ 1,619,765
Receivables:				
- Accounts	3,298	72,121	75,419	-
- Intergovernmental	274,670	206,643	481,313	-
Inventory	-	352,123	352,123	-
Total Current Assets	474,821	740,052	1,214,873	1,619,765
Noncurrent Assets:				
Capital Assets:				
- Land	-	130,384	130,384	-
- Buildings	16,650	6,269,748	6,286,398	1,230,071
- Machinery and Equipment	1,778,208	169,145	1,947,353	3,829,888
- Accumulated Depreciation	(1,095,403)	(1,595,120)	(2,690,523)	(2,601,241)
Net Capital Assets \ Total Noncurrent Assets	699,455	4,974,157	5,673,612	2,458,718
Total Assets	1,174,276	5,714,209	6,888,485	4,078,483
LIABILITIES				
Current Liabilities:				
Accounts Payable	12,830	11,994	24,824	-
Accrued Liabilities	32,185	11,500	43,685	-
Accrued Interest Payable	-	15,217	15,217	-
Deposits and Reserves	2,100	-	2,100	-
Compensated Absences Payable	33,203	34,262	67,465	-
Due to Other Funds	100,000	100,000	200,000	-
Certificates of Participation - Current	-	236,250	236,250	-
Capital Leases Payable - Current	-	10,864	10,864	-
Total Current Liabilities	180,318	420,087	600,405	-
Noncurrent Liabilities:				
Certificates of Participation	-	3,498,750	3,498,750	-
Capital Leases Payable	-	43,685	43,685	-
Total Noncurrent Liabilities	-	3,542,435	3,542,435	-
Total Liabilities	180,318	3,962,522	4,142,840	-
NET ASSETS				
Investment in Capital Assets, net of Related Debt	699,455	1,184,608	1,884,063	2,458,718
Unrestricted	294,503	567,079	861,582	1,619,765
Total Net Assets	\$ 993,958	\$ 1,751,687	\$ 2,745,645	\$ 4,078,483

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

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
Operating Revenues:				
Charges for Services	\$ 1,141,126	\$ 1,947,067	\$ 3,088,193	\$ 505,103
Other Operating Revenues	23,126	79,516	102,642	-
Total Operating Revenues	1,164,252	2,026,583	3,190,835	505,103
Operating Expenses:				
Cost of Operations	2,035,141	1,569,924	3,605,065	115
Depreciation	127,739	225,750	353,489	435,316
Total Operating Expenses	2,162,880	1,795,674	3,958,554	435,431
Operating Income (Loss)	(998,628)	230,909	(767,719)	69,672
Nonoperating Revenues (Expenses):				
Loss on Disposal of Capital Assets	(24,530)	(866)	(25,396)	(3,601)
Interest Expense	-	(192,465)	(192,465)	-
Total Nonoperating Revenues (Expenses)	(24,530)	(193,331)	(217,861)	(3,601)
Income (Loss) Before Contributions and Transfers	(1,023,158)	37,578	(985,580)	66,071
Capital Asset Contributions	-	-	-	66,775
Transfers In	1,060,000	160,000	1,220,000	-
Increase in Net Assets	36,842	197,578	234,420	132,846
Total Net Assets, Beginning of Year	957,116	1,554,109	2,511,225	3,945,637
Total Net Assets, End of Year	\$ 993,958	\$ 1,751,687	\$ 2,745,645	\$ 4,078,483

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, 2006

	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	\$ 1,054,308	\$ 1,405,944	\$ 2,460,252	\$ -
Cash Received from Interfund Services Provided	-	506,611	506,611	505,103
Cash Payments to Suppliers	(573,207)	(1,009,655)	(1,582,862)	(115)
Cash Payments to Employees	(1,217,691)	(675,276)	(1,892,967)	-
Cash Payments for Interfund Services Used	(228,195)	-	(228,195)	-
Other Operating Revenues	23,126	79,516	102,642	-
Net Cash Provided by (Used in) Operating Activities	<u>(941,659)</u>	<u>307,140</u>	<u>(634,519)</u>	<u>504,988</u>
Cash Flows From Noncapital Financing Activities				
Deposits Received	1,336	-	1,336	-
Transfer In from Other Funds	1,060,000	160,000	1,220,000	-
Net Cash Provided by Noncapital Financing Activities	<u>1,061,336</u>	<u>160,000</u>	<u>1,221,336</u>	<u>-</u>
Cash Flows From Capital Financing Activities				
Acquisition and Construction of Capital Assets	-	(39,085)	(39,085)	(206,602)
Proceeds from Sales of Capital Assets	7,470	1,634	9,104	21,860
Capital Lease Proceeds	-	39,085	39,085	-
Interest Paid on Long-term Debt	-	(193,302)	(193,302)	-
Principal Paid on Long-term Debt	-	(232,309)	(232,309)	-
Net Cash Provided by (Used in) Capital Financing Activities	<u>7,470</u>	<u>(423,977)</u>	<u>(416,507)</u>	<u>(184,742)</u>
Net Increase in Cash and Cash Equivalents	<u>127,147</u>	<u>43,163</u>	<u>170,310</u>	<u>320,246</u>
Cash and Cash Equivalents, Beginning of Year	<u>69,706</u>	<u>66,002</u>	<u>135,708</u>	<u>1,299,519</u>
Cash and Cash Equivalents, End of Year	<u>\$ 196,853</u>	<u>\$ 109,165</u>	<u>\$ 306,018</u>	<u>\$ 1,619,765</u>

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

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Transit Fund</u>	<u>Fleet Maintenance Fund</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ (998,628)</u>	<u>\$ 230,909</u>	<u>\$ (767,719)</u>	<u>\$ 69,672</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Used in) Operating Activities				
Depreciation	127,739	225,750	353,489	435,316
Change in Assets and Liabilities:				
Increase in Accounts Receivable	(2,109)	(33,401)	(35,510)	-
Increase in Intergovernmental Receivable	(84,709)	(1,111)	(85,820)	-
Increase in Inventory	-	(51,523)	(51,523)	-
Increase (Decrease) in Accounts Payable	5,040	(71,919)	(66,879)	-
Increase in Accrued Liabilities	7,359	2,228	9,587	-
Increase in Compensated Absences Payable	3,649	6,207	9,856	-
Total Adjustments	<u>56,969</u>	<u>76,231</u>	<u>133,200</u>	<u>435,316</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (941,659)</u>	<u>\$ 307,140</u>	<u>\$ (634,519)</u>	<u>\$ 504,988</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Nonecash Transactions Affecting Financial Position				
Contributions of Capital Assets from				
Governmental Activities	\$ -	\$ -	\$ -	\$ 66,775

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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 I. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the Town of Avon (the primary government) and its component unit, an entity for which the Town is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the Town. The Town's blended component unit has a December 31 year-end.

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.

Blended Component Unit. The Town of Avon Finance Authority (Authority) was incorporated in 1998 as a Colorado nonprofit corporation, with the sole purpose of facilitating Town financings, including capital leases. The Authority has a three-member board of directors who serve without compensation and have no private or proprietary interest in the Authority. The Authority's activities have been collapsed and blended into the Town's Debt Service and Fleet Maintenance funds. The Authority is included in the Town's financial statements because the Town appoints the board members of the Authority and has financial accountability for the Authority. This component unit does not issue separate financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the Town (the primary government) and its component unit. 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 to 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.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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.
- *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. In addition to transportation routes within the Town of Avon, the Town contracts with other entities for management and operation of their transportation systems within Eagle County.
- *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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Budgets

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. 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.

F. 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.

G. Restricted Assets

Certain cash and cash equivalents of the Capital Projects Fund are classified as restricted assets because their use is completely restricted by an agreement between the Town and the developer of a parcel of land within the Town called Tract C. Fifty percent (50%) of the real

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

estate transfer taxes attributable to the first sale of each deeded time-share is subject to rebate to the developer upon the opening of a hotel on Tract C on or prior to June 1, 2007.

Restricted assets in the amount of \$567,535 are reported in the Debt Service Fund. This amount consists of a \$562,500 required debt service reserve account and an additional \$5,035 in a certificate account for the Series 1998 Certificates of Participation. Both of these accounts are held in the trust department of American National Bank. 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.

H. 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	20-40 years
Infrastructure	35-50 years
Vehicles and Rolling Stock	7-15 years
Machinery and Equipment	7-10 years

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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 assets. Bond premiums and discounts, issuance costs, and loss on refunding 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

J. 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 revenue since they typically do not meet the availability criterion.

K. 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.

L. Fund Equity

In the fund financial statements, reserves are used to segregate portions of fund balance or net assets that are legally restricted for specific future uses or not available for appropriation. Designated fund balances represent tentative plans for future use of financial resources. The Town considers all unreserved 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).

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

M. 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.

N. Debt Costs

Debt issuance costs in the amount of \$81,521 (net of accumulated amortization of \$17,127) are included in other assets. Unamortized premiums of \$63,415 (net of accumulated amortization of \$13,323) and loss on refundings (contra-liability) of \$142,596 (net of accumulated amortization of \$29,958) are reflected in noncurrent liabilities. Capitalized debt costs are amortized over the remaining lives of the related debt issues using the straight-line method, which approximates the 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.

The Town incurred expenditures in excess of appropriations for the year ended December 31, 2006, in the Debt Service Fund and Fleet Maintenance Fund by \$1,616 and \$5,665, respectively. According to Colorado State Statute this may be a violation of the Local Government Budget Law.

Note 3. Cash and Investments

Cash and investments as of December 31, 2006 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ 4,120,700
Investments	15,212,681
Restricted Assets - Cash and Cash Equivalents	<u>1,810,652</u>
Total	<u>\$21,144,033</u>

Cash and investments as of December 31, 2006 consist of the following:

Cash on Hand	\$ 6,175
Deposits With Financial Institutions	586,397
Investments	<u>20,551,461</u>
Total	<u>\$21,144,033</u>

Investments Authorized by the Town of Avon Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. 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 market value to changes in market interest rates. The investment policy of the Town states that, to the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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:

<u>Investment Type</u>		<u>Weighted Average Maturity (in Years)</u>
U.S. Treasury Obligations	\$ 1,624,967	0.93
Federal Instrumentality Securities:		
Federal Farm Credit Bank	1,502,106	1.71
Federal Home Loan Bank	5,922,953	1.86
Federal Home Loan Mortgage Corp.	4,751,021	1.83
Federal National Mortgage Assn.	2,560,153	0.60
Local Government Investment Pools	2,928,561	0.00
Money Market Funds	694,165	0.00
Held by Bond Trustee:		
Local Government Investment Pools	<u>567,535</u>	0.00
Total	<u>\$ 20,551,461</u>	

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the Town's investments are rated AAA or AAAM by Standard and Poors, and Aaa by Moody's.

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, 2006.

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal Instrumentality Securities	\$ 1,502,106
Federal Home Loan Bank	Federal Instrumentality Securities	5,922,953
Federal Home Loan Mortgage Corp.	Federal Instrumentality Securities	4,751,021
Federal National Mortgage Assn.	Federal Instrumentality Securities	2,560,153

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 54 at December, 2006.

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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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, 2006, 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, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,759,487	\$ 1,031,775	\$ -	\$ 8,791,262
Public Art	1,361,400	-	-	1,361,400
Water Rights	1,442,986	-	-	1,442,986
Construction in Progress	<u>1,128,583</u>	<u>1,750,442</u>	<u>(2,208,215)</u>	<u>670,810</u>
Total Capital Assets, Not Being Depreciated	<u>11,692,456</u>	<u>2,782,217</u>	<u>(2,208,215)</u>	<u>12,266,458</u>
Capital Assets, Being Depreciated:				
Buildings	10,454,365	6,141	(10,263)	10,450,243
Machinery and Equipment	3,736,780	267,235	(174,127)	3,829,888
Infrastructure	<u>33,645,151</u>	<u>1,285,587</u>	<u>-</u>	<u>34,930,738</u>
Total Capital Assets, Being Depreciated	<u>47,836,296</u>	<u>1,558,963</u>	<u>(184,390)</u>	<u>49,210,869</u>
Less Accumulated Depreciation:				
Buildings	(3,804,909)	(346,037)	9,243	(4,141,703)
Machinery and Equipment	(2,000,756)	(378,386)	149,686	(2,229,456)
Infrastructure	<u>(18,915,567)</u>	<u>(1,373,507)</u>	<u>-</u>	<u>(20,289,074)</u>
Total Accumulated Depreciation	<u>(24,721,232)</u>	<u>(2,097,930)</u>	<u>158,929</u>	<u>(26,660,233)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,326,608</u>	<u>(538,967)</u>	<u>(25,461)</u>	<u>22,550,636</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,807,520</u>	<u>\$ 2,243,250</u>	<u>\$ (2,233,676)</u>	<u>\$ 34,817,094</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 130,384	\$ -	\$ -	\$ 130,384
Capital Assets, Being Depreciated:				
Buildings	6,286,398	-	-	6,286,398
Machinery and Equipment	<u>2,073,899</u>	<u>39,085</u>	<u>(165,631)</u>	<u>1,947,353</u>
Total Capital Assets, Being Depreciated	<u>8,360,297</u>	<u>39,085</u>	<u>(165,631)</u>	<u>8,233,751</u>
Less Accumulated Depreciation:				
Buildings and Facilities	(1,286,482)	(214,691)	-	(1,501,173)
Machinery and Equipment	<u>(1,181,682)</u>	<u>(138,798)</u>	<u>131,130</u>	<u>(1,189,350)</u>
Total Accumulated Depreciation	<u>(2,468,164)</u>	<u>(353,489)</u>	<u>131,130</u>	<u>(2,690,523)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,892,133</u>	<u>(314,401)</u>	<u>(34,501)</u>	<u>5,543,228</u>
Business-type Activities Capital Assets, Net	<u>\$ 6,022,517</u>	<u>\$ (314,401)</u>	<u>\$ (34,501)</u>	<u>\$ 5,673,612</u>

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

Governmental Activities:	
General Government	\$ 125,233
Community Development	4,899
Public Safety	79,664
Public Works and Utilities, including depreciation of general infrastructure assets	1,606,944
Recreation and Culture	<u>281,190</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,097,930</u>
Business-type Activities:	
Transportation	\$ 127,739
Fleet Maintenance	<u>225,750</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 353,489</u>

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 – Avon Metropolitan District. Effective May 31, 1998, the Avon Metropolitan District was dissolved pursuant to an Agreement for Dissolution adopted by

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

both the Avon Metropolitan District and the Town of Avon and executed with the District Court of Eagle County. According to the Agreement, the District shall continue in existence for the sole purpose of securing payment in full of the principal and interest of existing indebtedness. A new debt service fund was created by the Town in order to account for the payment of principal and interest on the existing indebtedness, consisting of Series 1990 General Obligation Refunding Bonds. The Town Council was appointed to act as the District Board of Directors in order to set mill levies as necessary to pay the outstanding indebtedness. The Series 1990 bonds were subsequently refunded in 2001 by issuing Series 2001 Avon Metropolitan District General Obligation Refunding Bonds.

General obligation bonds currently outstanding at December 31, 2006, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Refunding	4.10% - 5.30%	\$ 1,095,000
General Government - Avon Metropolitan District Refunding	3.50% - 4.20%	1,715,000
General Government - Refunding	3.00% - 4.00%	<u>3,583,774</u>
		<u>\$ 6,393,774</u>

Annual debt service requirements to maturity for general obligation bonds outstanding at December 31, 2006, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 926,976	\$ 253,697
2008	970,672	213,811
2009	826,126	174,438
2010	865,000	135,108
2011	425,000	107,397
2012-2016	<u>2,380,000</u>	<u>282,920</u>
Total	<u>\$ 6,393,774</u>	<u>\$ 1,167,371</u>

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 outstanding at December 31, 2006, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Refunding	3.25% - 4.55%	<u>\$ 3,110,000</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2006, are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2007	\$ 340,000	\$ 136,935
2008	350,000	123,165
2009	370,000	108,815
2010	380,000	93,275
2011	395,000	75,985
2012-2014	<u>1,275,000</u>	<u>117,845</u>
Total	<u>\$ 3,110,000</u>	<u>\$ 656,020</u>

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

Certificates of Participation outstanding at December 31, 2006, are as follows:

Purpose	Interest Rates	Amount
General Government – Fleet Maintenance Facility	3.90% - 4.90%	<u>\$ 4,980,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2006, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 78,750	\$ 60,866	\$ 236,250	\$ 182,601
2008	82,500	57,324	247,500	171,969
2009	86,250	53,611	258,750	160,832
2010	90,000	49,600	270,000	148,800
2011	95,000	45,280	285,000	135,840
2012-2016	551,250	150,625	1,653,750	451,875
2017-2018	<u>261,250</u>	<u>19,750</u>	<u>783,750</u>	<u>59,250</u>
Total	<u>\$ 1,245,000</u>	<u>\$ 437,056</u>	<u>\$ 3,735,000</u>	<u>\$ 1,311,167</u>

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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 \$338,571 and a book value net of accumulated depreciation at December 31, 2006 of \$239,158. Due in seven annual installments of \$56,794 through March, 2010. Amortization is based on an interest rate of 4.15%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2006 is \$205,430.
- Lease obligation for equipment and a vehicle with a total cost of \$77,385 and a book value net of accumulated depreciation at December 31, 2006 of \$46,636. Due in three annual installments of \$27,237 through August, 2007. Amortization is based on an interest rate of 2.90%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2006 is \$26,470.
- Lease obligation for equipment with a total cost of \$93,598 and a book value net of accumulated depreciation at December 31, 2006 of \$68,961. Due in five annual installments of \$20,965 through February, 2010. Amortization is based on an interest rate of 3.35%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2006 is \$77,281.
- Lease obligation for equipment with a total cost of \$169,556 and a book value net of accumulated depreciation at December 31, 2006 of \$161,446. Due in five annual installments of \$39,006 through December, 2011. Amortization is based on an interest rate of 4.20%. The Town may terminate the lease by paying the applicable purchase option price on any scheduled payment. Balance at December 31, 2006 is \$172,675.

Annual debt service requirements to maturity for Capital Lease Obligations outstanding at December 31, 2006, are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 114,004	\$ 16,975	\$ 10,864	\$ 2,160
2008	91,061	12,680	11,290	1,734
2009	94,731	9,009	11,731	1,293
2010	98,550	5,190	12,191	833
2011	<u>28,961</u>	<u>1,216</u>	<u>8,473</u>	<u>356</u>
Total	\$ <u>427,307</u>	\$ <u>45,070</u>	\$ <u>54,549</u>	\$ <u>6,376</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
- General Obligation Bonds	\$ 7,282,075	\$ -	\$ 888,301	\$ 6,393,774	\$ 926,976
- Revenue Bonds	3,440,000	-	330,000	3,110,000	340,000
- Certificates of Participation	<u>1,321,250</u>	<u>-</u>	<u>76,250</u>	<u>1,245,000</u>	<u>78,750</u>
	12,043,325	-	1,294,551	10,748,774	1,345,726
- Bond Premium	69,810	-	6,395	63,415	6,395
- Loss on Refunding	<u>(156,976)</u>	<u>-</u>	<u>(14,380)</u>	<u>(142,596)</u>	<u>(14,380)</u>
Total Bonds Payable	11,956,159	-	1,286,566	10,669,593	1,337,741
Capitalized Lease Obligations	380,007	133,591	86,291	427,307	114,004
Compensated Absences	<u>242,101</u>	<u>482,663</u>	<u>446,518</u>	<u>278,246</u>	<u>278,246</u>
Governmental Activity Long-term Liabilities	<u>\$12,578,267</u>	<u>\$ 616,254</u>	<u>\$ 1,819,375</u>	<u>\$11,375,146</u>	<u>\$1,729,991</u>
Business-type Activities:					
Compensated Absences	\$ 57,609	\$ 139,449	\$ 129,593	\$ 67,465	\$ 67,465
Certificates of Participation	3,963,750	-	228,750	3,735,000	236,250
Capitalized Lease Obligations	<u>19,023</u>	<u>39,085</u>	<u>3,559</u>	<u>54,549</u>	<u>10,864</u>
Business-type Activity Long-term Liabilities	<u>\$ 4,040,382</u>	<u>\$ 178,534</u>	<u>\$ 361,902</u>	<u>\$ 3,857,014</u>	<u>\$ 314,579</u>

Conduit Debt Obligations. The Town has sponsored the issuance of revenue bonds in prior years to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Neither the Town, the State of Colorado, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements. Conduit debt obligations at December 31, 2006, 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.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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, 2006, there was \$18,495,000 outstanding in Multifamily Housing Project Revenue Refunding Bonds, Series 2006A, Series B, and Series C Subordinate Multifamily Housing project Bonds.

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, 2006, there was \$9,250,000 outstanding in Series 2003 Refunding Revenue Bonds, and \$1,600,000 outstanding in Series 1998 B&C Subordinate Revenue Bonds.

Buffalo Ridge I Apartments 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, 2006, there was \$10,087,933 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. As of December 31, 2006, there was \$11,000,000 outstanding in Series 2002A Multifamily Housing Project Revenue Bonds, and \$4,390,000 outstanding in Series 2002B Taxable Multifamily Housing Project Revenue Bonds. The Town is in no way obligated to pay the debt service on the bonds.

Defeased Debt. In addition to the outstanding debt discussed above, other bonds previously issued by the Town and the Avon Metropolitan District (AMD) have been defeased (debt legally satisfied) by the issuance of refunding bonds. The detail of defeased bonds outstanding at December 31, 2006, is as follows:

Series 1990, Avon Metropolitan District G.O. Refunding Bonds	\$ 1,850,000
Series 1994, Town of Avon Sales Tax Revenue Bonds	2,015,000
Series 1994B, Town of Avon Sales Tax Revenue Bonds	1,010,000
Series 1996B, Town of Avon General Obligation Bonds	3,460,000

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, and (2) the Town of Avon General Employee Money Purchase Pension Plan. 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 the year there were no differences between contribution requirements and contributions actually made by plan participants or the Town. Contributions made by plan members and the Town for the three years ended December 31, 2006, 2005 and 2004, are as follows:

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Employees	<u>\$483,886</u>	<u>\$442,165</u>	<u>\$364,986</u>
Town	<u>\$483,886</u>	<u>\$442,165</u>	<u>\$364,986</u>

Both the Town and the covered employees each made the required 11% contributions to the plans. There are no liabilities for benefits beyond the Town's matching payments. No changes in the various plan's provisions occurred in 2006.

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, 2006, 2005, and 2004, are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Employees	<u>\$43,620</u>	<u>\$43,350</u>	<u>\$44,670</u>
Town	<u>\$40,480</u>	<u>\$40,181</u>	<u>\$39,774</u>

Both the Town and the covered employees each made the required 3.75% contributions to the plan. There are no liabilities for benefits beyond the Town's matching payments.

Note 7. Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as "due to/from other funds". These interfund receivables and payables are expected to be repaid within the next year. The composition of these interfund balances as of December 31, 2006, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mall Maintenance Fund	\$ 3,000
General Fund	Transit Fund	100,000
General Fund	Fleet Maintenance Fund	<u>100,000</u>
Total		<u>\$ 203,000</u>

Interfund Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 80,000	\$ 2,633,416
Water Fund	-	262,178
Debt Service Fund	615,107	-
Capital Projects Fund	262,178	926,000
Transit Enterprise Fund	1,060,000	-
Fleet Maintenance Fund	160,000	-
Nonmajor Governmental Funds:		
Mall Maintenance Fund	15,000	-
Avon Urban Renewal Authority Fund	120,000	-
Community Enhancement Fund	235,309	-
Affordable Housing Fund	946,000	-
Facilities Reserve Fund	<u>328,000</u>	<u>-</u>
	3,821,594	3,821,594
Transfer In of General Capital Assets:		
To Internal Service Fund from		
General Capital Assets	<u>66,775</u>	<u>-</u>
Total	<u>\$ 3,888,369</u>	<u>\$ 3,821,594</u>

In the fund financial statements, total transfers in of \$3,888,369 are greater than total transfers out of \$3,821,594 because of the treatment of transfers of capital assets to the internal service fund. During the year existing capital assets related to governmental funds, with a book value of \$66,775 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 did report a transfer in for the capital resources received.

Note 8. Commitments and Contingencies

Litigation. The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of Town management and its legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

Riverfront Subdivision and PUD Development Plan. In 2006, the Town approved a development agreement with the owner of a parcel of land formerly referred to as the Confluence for a mixed used development including the Westin Riverfront Resort & Spa. The agreement provides for the Town to rebate to the owner/developer a net amount of \$1,557,000 in real estate transfer tax revenues received from the development toward certain public improvements and amenities. As of December 31, 2006 the Town has rebated a total of \$170,000 to the developer.

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, 2006 in the amount of \$567,512.

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 9. 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 \$30,000 and aggregate total yearly claims in excess of \$817,470.

Settled benefit claims did not exceed the aggregate total yearly claims for 2006. As of December 31, 2006 the Town held reserves for future claims in the amount of \$426,729.

The following represents the changes in the claims reserve for the Town for 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Claims Reserve for Future Claims, Beginning of Year	\$ 246,589	\$ 165,923
Current Year Deposits for Estimated Claims	865,532	845,221
Excess Stop Loss Refunds for Specific (Individual) Claims	395,264	179,024
Claim Payments	<u>(1,080,656)</u>	<u>(943,579)</u>
Claims Reserve for Future Claims, End of Year	<u>\$ 426,729</u>	<u>\$ 246,589</u>

Note 10. 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 205 municipalities and 35 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 \$213,944 for 2006. 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.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

Note 11. Upper Eagle Regional Water Authority

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

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

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

The Authority was formed to make the best practicable use of the member's joint resources in supplying water to the members and to further develop water resources and facilities in Eagle County. The Authority may not be terminated so long as bonds, notes or other obligations are outstanding, unless provision for full payment of such obligations has been made. At December 31, 2006, the Authority had debt with maturities through the year 2028.

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 2006, the Authority collected \$134,026 in water surcharges for the Town.

Note 12. Major Taxpayers

For the year ended December 31, 2006, approximately 49% of the Town's sales tax revenues were received from the ten highest-paying companies.

Note 13. The Village at Avon Development and Annexation Agreement

On October 13, 1998, the Town entered into a an Annexation and Development Agreement ("Village Agreement") with the owners ("Village Owners") of approximately 1,790 acres of property on the east side of the town known as The Village at Avon ("the Village"). In the Village Agreement, the Town effectively agrees that it will waive all retail sales taxes, use taxes, real estate transfer taxes and accommodation taxes with respect to transactions within the Village, so long as comparable fees are imposed by a nonprofit public improvement company (the "PIC") formed by the Village Owners. The Village Agreement contemplates that such comparable fees will be imposed by the PIC and the proceeds of such fees will be used to pay debt service on bonds issued by Traer Creek Metropolitan District ("TCMD") to finance the construction of infrastructure within the Village. Upon payment in full of the bonds, the Village Agreement contemplates that the PIC and TCMD will be dissolved and the Town will cease the waiver of the various taxes mentioned above.

The Village Agreement further establishes an indemnification procedure. If, upon relocation of either Wal-Mart or City Market (both significant Town sales taxpayers) to a site within the Village, the Town experiences a decrease in net sales tax revenue, the Village Agreement provides that the Town is entitled to receive a fee in lieu of sales tax equal to the related net sales tax revenues in the twelve months prior to the relocation. This indemnification procedure began in July, 2003 when Wal-Mart relocated to the Village.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF AVON, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

(BUDGETARY BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,705,547	\$ 8,147,591	\$ 8,120,389	\$ (27,202)
Licenses and Permits	226,100	832,004	827,890	(4,114)
Intergovernmental	804,193	902,902	905,476	2,574
Charges for Services	2,275,498	2,612,143	2,763,774	151,631
Fines and Forfeitures	59,900	74,350	73,854	(496)
Investment Earnings	175,000	400,000	471,099	71,099
Other Revenues	242,164	223,138	220,975	(2,163)
Total Revenues	11,488,402	13,192,128	13,383,457	191,329
Expenditures				
Current:				
General Government	2,039,624	2,106,459	2,119,128	(12,669)
Community Development	634,384	938,545	912,855	25,690
Public Safety	1,903,228	1,911,592	1,879,582	32,010
Public Works	2,965,065	3,013,559	2,747,362	266,197
Recreation and Culture	2,318,940	2,329,448	2,168,903	160,545
Total Expenditures	9,861,241	10,299,603	9,827,830	471,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,627,161	2,892,525	3,555,627	663,102
Contingency	20,000	5,000	-	-
Other Financing Sources (Uses)				
Transfers In	50,000	80,000	80,000	-
Transfers Out	(1,690,107)	(2,633,416)	(2,633,416)	-
Capital Lease Proceeds	130,000	130,000	130,621	621
Sale of Capital Assets	1,500	1,500	1,504	4
Total Other Financing Sources (Uses)	(1,508,607)	(2,421,916)	(2,421,291)	625
Net Change in Fund Balances	98,554	465,609	1,134,336	663,727
Fund Balances, Beginning of Year	4,986,440	5,773,617	5,773,617	-
Fund Balances, End of year	\$ 5,084,994	\$ 6,239,226	\$ 6,907,953	\$ 663,727

TOWN OF AVON, COLORADO

WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 202,000	\$ 227,600	\$ 240,532	\$ 12,932
Investment Earnings	20,000	40,000	32,367	(7,633)
Other Revenues	-	-	8,690	8,690
Total Revenues	<u>222,000</u>	<u>267,600</u>	<u>281,589</u>	<u>13,989</u>
Expenditures				
Current:				
Public Works and Utilities	<u>56,001</u>	<u>71,573</u>	<u>33,733</u>	<u>37,840</u>
Total Expenditures	<u>56,001</u>	<u>71,573</u>	<u>33,733</u>	<u>37,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,999	196,027	247,856	51,829
Other Financing Sources (Uses)				
Transfers Out:				
Capital Projects Fund	<u>(645,000)</u>	<u>(408,000)</u>	<u>(262,178)</u>	<u>145,822</u>
Net Change in Fund Balances	<u>(479,001)</u>	<u>(211,973)</u>	<u>(14,322)</u>	<u>197,651</u>
Fund Balances, Beginning of Year	<u>927,372</u>	<u>1,284,125</u>	<u>1,284,125</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 448,371</u>	<u>\$ 1,072,152</u>	<u>\$ 1,269,803</u>	<u>\$ 197,651</u>

TOWN OF AVON, COLORADO

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION DECEMBER 31, 2006

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).

THIS PAGE INTENTIONALLY LEFT BLANK

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.

Mall Maintenance Fund – This fund is used to account for revenues collected from various public and private sources that are specifically restricted to the maintenance of the Town Mall.

Avon Urban Renewal Authority Fund – This fund is used to account for resources used to initially establish the Town's urban renewal authority.

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.

Facilities Reserve Fund – This fund is used to account for the accumulation of resources for the future repair and replacement of major components of Town facilities.

Debt Service Funds

Debt service funds are used for the accumulation of resources and payment of bond principal and interest from government resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Avon Metropolitan District Debt Service Fund – This fund is used to account for the accumulation of resources and payment of principal and interest on the District's general obligation bonds. In 1998 the District was dissolved and remains in existence only for this purpose. The Town Council of the Town of Avon was appointed to act as the District Board of Directors for setting mill levies as necessary until the indebtedness is paid in full.

TOWN OF AVON, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2006

	Special Revenue			
	Mall Maintenance Fund	Avon Urban Renewal Authority	Community Enhancement Fund	Affordable Housing Fund
ASSETS				
Cash and Cash Equivalents	\$ 45,247	\$ 111,803	\$ 235,309	\$ 946,000
Receivables:				
- Taxes	-	-	-	-
- Accounts	28,346	-	64,133	-
Total Assets	<u>\$ 73,593</u>	<u>\$ 111,803</u>	<u>\$ 299,442</u>	<u>\$ 946,000</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 895	\$ -	\$ -	\$ -
Due to Other Funds	3,000	-	-	-
Deferred Taxes	-	-	-	-
Total Liabilities	<u>3,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for Debt Service	-	-	-	-
Unreserved:				
Designated for Subsequent Year's Expenditures	20,598	-	-	-
Unreserved, Undesignated	49,100	111,803	299,442	946,000
Total Fund Balances	<u>69,698</u>	<u>111,803</u>	<u>299,442</u>	<u>946,000</u>
Total Liabilities and Fund Balances	<u>\$ 73,593</u>	<u>\$ 111,803</u>	<u>\$ 299,442</u>	<u>\$ 946,000</u>

Facilities Reserve Fund	Avon Metropolitan District Debt Service Fund	Total Nonmajor Governmental Funds
\$ 328,000	\$ 49,610	\$ 1,715,969
-	487,614	487,614
-	-	92,479
<u>\$ 328,000</u>	<u>\$ 537,224</u>	<u>\$ 2,296,062</u>
\$ -	\$ -	\$ 895
-	-	3,000
-	487,591	487,591
<u>-</u>	<u>487,591</u>	<u>491,486</u>
-	49,633	49,633
-	-	20,598
328,000	-	1,734,345
<u>328,000</u>	<u>49,633</u>	<u>1,804,576</u>
<u>\$ 328,000</u>	<u>\$ 537,224</u>	<u>\$ 2,296,062</u>

TOWN OF AVON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue			
	Mall Maintenance	Avon Urban Renewal Authority	Community Enhancement Fund	Affordable Housing Fund
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Revenues	49,229	-	64,133	-
Total Revenues	<u>49,229</u>	<u>-</u>	<u>64,133</u>	<u>-</u>
Expenditures				
Current:				
General Government	-	8,197	-	-
Public Works and Utilities	37,928	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>37,928</u>	<u>8,197</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,301</u>	<u>(8,197)</u>	<u>64,133</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In:				
General Fund	15,000	120,000	235,309	100,000
Capital Projects Fund	-	-	-	846,000
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>120,000</u>	<u>235,309</u>	<u>946,000</u>
Net Change in Fund Balances	<u>26,301</u>	<u>111,803</u>	<u>299,442</u>	<u>946,000</u>
Fund Balances, Beginning of Year	<u>43,397</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 69,698</u>	<u>\$ 111,803</u>	<u>\$ 299,442</u>	<u>\$ 946,000</u>

Facilities Reserve Fund	Debt Service Avon Metropolitan District Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 486,816	\$ 486,816
-	-	113,362
-	486,816	600,178
-	-	8,197
-	-	37,928
-	385,000	385,000
-	81,660	81,660
-	14,756	14,756
-	481,416	527,541
-	5,400	72,637
328,000	-	798,309
-	-	846,000
328,000	-	1,644,309
328,000	5,400	1,716,946
-	44,233	87,630
\$ 328,000	\$ 49,633	\$ 1,804,576

TOWN OF AVON, COLORADO

MALL MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ 56,033	\$ 74,281	\$ 49,229	\$ (25,052)
Total Revenues	<u>56,033</u>	<u>74,281</u>	<u>49,229</u>	<u>(25,052)</u>
Expenditures				
Current:				
Public Works and Utilities	86,385	86,385	37,928	48,457
Total Expenditures	<u>86,385</u>	<u>86,385</u>	<u>37,928</u>	<u>48,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,352)	(12,104)	11,301	23,405
Other Financing Sources (Uses):				
Transfers In:				
General Fund	15,000	15,000	15,000	-
Net Change in Fund Balances	<u>(15,352)</u>	<u>2,896</u>	<u>26,301</u>	<u>23,405</u>
Fund Balances, Beginning of Year	<u>21,862</u>	<u>43,397</u>	<u>43,397</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 6,510</u>	<u>\$ 46,293</u>	<u>\$ 69,698</u>	<u>\$ 23,405</u>

TOWN OF AVON, COLORADO

AVON URBAN RENEWAL AUTHORITY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
General Government	-	120,000	8,197	111,803
Total Expenditures	-	120,000	8,197	111,803
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(120,000)	(8,197)	111,803
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	120,000	120,000	-
Net Change in Fund Balances	-	-	111,803	111,803
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of year	\$ -	\$ -	\$ 111,803	\$ 111,803

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ -	\$ 60,000	\$ 64,133	\$ 4,133
Total Revenues	-	60,000	64,133	4,133
Expenditures				
Current:				
Public Works and Utilities	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	60,000	64,133	4,133
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	235,309	235,309	-
Net Change in Fund Balances	-	295,309	299,442	4,133
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of year	\$ -	\$ 295,309	\$ 299,442	\$ 4,133

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	100,000	100,000	-
Capital Projects Fund	-	846,000	846,000	-
Total Other Financing Sources (Uses)	-	946,000	946,000	-
Net Change in Fund Balances	-	946,000	946,000	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of year	\$ -	\$ 946,000	\$ 946,000	\$ -

TOWN OF AVON, COLORADO

FACILITIES RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
Public Works and Utilities	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	328,000	328,000	-
Net Change in Fund Balances	-	328,000	328,000	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of year	\$ -	\$ 328,000	\$ 328,000	\$ -

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$ 732,912	\$ 732,912	\$ 748,699	\$ 15,787
Investment Earnings	8,500	25,000	27,374	2,374
Total Revenues	<u>741,412</u>	<u>757,912</u>	<u>776,073</u>	<u>18,161</u>
Expenditures				
Debt Service:				
Principal	911,250	911,250	911,250	-
Interest	422,463	422,463	422,462	1
Fiscal Charges	19,806	19,806	21,423	(1,617)
Total Expenditures	<u>1,353,519</u>	<u>1,353,519</u>	<u>1,355,135</u>	<u>(1,616)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(612,107)	(595,607)	(579,062)	16,545
Other Financing Sources (Uses)				
Transfers In:				
General Fund	615,107	615,107	615,107	-
Net Change in Fund Balances	3,000	19,500	36,045	16,545
Fund Balances, Beginning of Year	<u>589,697</u>	<u>606,403</u>	<u>606,403</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 592,697</u>	<u>\$ 625,903</u>	<u>\$ 642,448</u>	<u>\$ 16,545</u>

TOWN OF AVON, COLORADO

AVON METROPOLITAN DISTRICT DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$ 483,306	\$ 483,306	\$ 486,816	\$ 3,510
Total Revenues	<u>483,306</u>	<u>483,306</u>	<u>486,816</u>	<u>3,510</u>
Expenditures				
Debt Service:				
Principal	385,000	385,000	385,000	-
Interest	81,660	81,660	81,660	-
Fiscal Charges	16,646	16,646	14,756	1,890
Total Expenditures	<u>483,306</u>	<u>483,306</u>	<u>481,416</u>	<u>1,890</u>
Net Change in Fund Balances	-	-	5,400	5,400
Fund Balances, Beginning of Year	<u>42,089</u>	<u>44,233</u>	<u>44,233</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 42,089</u>	<u>\$ 44,233</u>	<u>\$ 49,633</u>	<u>\$ 5,400</u>

TOWN OF AVON, COLORADO

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Real Estate Transfer Tax	\$ 2,150,000	\$ 2,500,000	\$ 3,039,518	\$ 539,518
Intergovernmental	1,214,296	1,452,000	1,617,880	165,880
Investment Earnings	85,974	85,974	295,164	209,190
Other Revenues	99,000	149,000	230,387	81,387
Total Revenues	<u>3,549,270</u>	<u>4,186,974</u>	<u>5,182,949</u>	<u>995,975</u>
Expenditures				
Capital Projects:				
Facilities	1,767,610	726,000	612,486	113,514
Land and Land Improvements	90,000	50,909	49,313	1,596
Roads and Streets	4,539,000	1,907,000	1,187,159	719,841
Recreation	161,495	731,950	741,051	-
Stormwater and Drainage	40,000	60,000	33,441	26,559
Strategic Planning	400,000	250,000	310,345	(60,345)
Other	555,000	186,080	9,312	176,768
Rebates & Capital Contributions	300,000	1,141,320	1,302,297	(160,977)
Total Expenditures	<u>7,853,105</u>	<u>5,053,259</u>	<u>4,245,404</u>	<u>816,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,303,835)</u>	<u>(866,285)</u>	<u>937,545</u>	<u>1,812,931</u>
Other Financing Sources (Uses)				
Transfers In:				
Water Fund	645,000	408,000	262,178	(145,822)
Transfers Out:				
General Fund	(50,000)	(80,000)	(80,000)	-
Affordable Housing	-	(846,000)	(846,000)	-
Total Other Financing Sources (Uses)	<u>595,000</u>	<u>(518,000)</u>	<u>(663,822)</u>	<u>(145,822)</u>
Net Change in Fund Balances	<u>(3,708,835)</u>	<u>(1,384,285)</u>	<u>273,723</u>	<u>1,667,109</u>
Fund Balances, Beginning of Year	<u>5,968,727</u>	<u>7,457,796</u>	<u>7,457,796</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,259,892</u>	<u>\$ 6,073,511</u>	<u>\$ 7,731,519</u>	<u>\$ 1,667,109</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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. In addition to transportation routes within the Town of Avon, the Town contracts with other entities for management and operation of their transportation systems within Eagle County.

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

TOWN OF AVON, COLORADO

TRANSIT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 360,000	\$ -	\$ (360,000)
Charges for Services	1,098,069	1,153,603	1,141,126	(12,477)
Other Revenues	8,525	10,656	23,126	12,470
Total Revenues	1,306,594	1,524,259	1,164,252	(360,007)
Expenditures:				
Administration	190,788	204,586	201,816	2,770
Operations	1,867,137	2,341,749	1,807,792	533,957
Marketing	37,856	37,856	25,533	12,323
Total Expenditures	2,095,781	2,584,191	2,035,141	549,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	(789,187)	(1,059,932)	(870,889)	189,043
Other Financing Sources (Uses):				
Transfers In:				
General Fund	900,000	1,060,000	1,060,000	-
Sales of Capital Assets	-	2,202	7,470	5,268
Total Other Financing Sources (Uses)	900,000	1,062,202	1,067,470	5,268
Net Change in Fund Balances	110,813	2,270	196,581	194,311
Fund Balances, Beginning of Year	113,099	97,922	97,922	-
Fund Balances, End of Year	\$ 223,912	\$ 100,192	\$ 294,503	\$ 194,311

Fund Balances at December 31, 2006, is computed as follows:

Current Assets	\$ 474,821
Less: Current Liabilities	<u>(180,318)</u>
Fund Balances - December 31, 2006	<u>\$ 294,503</u>

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 196,581</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Book Value of Capital Assets Disposed	(32,000)
Depreciation	<u>(127,739)</u>
Total Adjustments	<u>(159,739)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ 36,842</u></u>

TOWN OF AVON, COLORADO

FLEET MAINTENANCE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Fleet Maintenance Charges	\$ 1,707,654	\$ 1,851,562	\$ 1,874,783	\$ 23,221
Wash Bay Charges	53,280	52,812	72,284	19,472
Fuel Mark-up	-	70,000	74,642	4,642
Other Revenues	-	-	4,874	4,874
Total Revenues	1,760,934	1,974,374	2,026,583	52,209
Expenditures:				
Fleet Maintenance	1,820,662	1,936,617	1,965,263	(28,646)
Washbay	91,500	91,500	68,519	22,981
Total Expenditures	1,912,162	2,028,117	2,033,782	(5,665)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,228)	(53,743)	(7,199)	46,544
Other Financing Sources (Uses):				
Transfers In:				
General Fund	160,000	160,000	160,000	-
Sales of Capital Assets	-	1,634	1,634	-
Capital Lease Proceeds	40,000	40,000	39,085	(915)
Total Other Financing Sources (Uses)	200,000	201,634	200,719	(915)
Net Change in Fund Balances	48,772	147,891	193,520	45,629
Fund Balances, Beginning of Year	324,352	373,559	373,559	-
Fund Balances, End of Year	\$ 373,124	\$ 521,450	\$ 567,079	\$ 45,629

Fund Balances at December 31, 2006, is computed as follows:

Current Assets	\$ 740,052
Less: Current Liabilities	(420,087)
Add: Current Portion of Certificates of Participation	236,250
Add: Current Portion of Capital Leases Payable	10,864
Fund Balances - December 31, 2006	\$ 567,079

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 193,520</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid on Capital Leases	232,308
Capitalization of Fixed Assets	39,085
Capital Lease Proceeds Received	(39,085)
Book Value of Capital Assets Disposed	(2,500)
Depreciation	<u>(225,750)</u>
Total Adjustments	<u>4,058</u>
Change in Net Assets (GAAP Basis)	<u>\$ 197,578</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUND

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Equipment Replacement Charges	\$ 503,192	\$ 505,103	\$ 505,103	\$ -
Total Revenues	<u>503,192</u>	<u>505,103</u>	<u>505,103</u>	<u>-</u>
Expenditures:				
Capital Outlay:				
Fleet and Heavy Equipment	211,910	211,910	131,539	80,371
Recreation Center Equipment	67,942	75,413	43,925	31,488
Computer and Office Equipment	25,013	25,013	26,558	(1,545)
Total Expenditures	<u>304,865</u>	<u>312,336</u>	<u>202,022</u>	<u>110,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>198,327</u>	<u>192,767</u>	<u>303,081</u>	<u>110,314</u>
Other Financing Sources (Uses):				
Sales of Capital Assets	<u>3,000</u>	<u>22,432</u>	<u>17,165</u>	<u>(5,267)</u>
Net Change in Fund Balances	<u>201,327</u>	<u>215,199</u>	<u>320,246</u>	<u>105,047</u>
Fund Balances, Beginning of Year	<u>1,274,730</u>	<u>1,299,519</u>	<u>1,299,519</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,476,057</u>	<u>\$ 1,514,718</u>	<u>\$ 1,619,765</u>	<u>\$ 105,047</u>

Fund Balances at December 31, 2006, is computed as follows:

Current Assets	\$ 1,619,765
Less: Current Liabilities	<u>-</u>
Fund Balances - December 31, 2006	<u>\$ 1,619,765</u>

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 320,246</u>
Basis to GAAP Basis	
Capitalization of Fixed Assets	206,601
Book Value of Capital Assets Disposed	(25,460)
Transfers In of Non-financial Resources (Capital Assets)	66,775
Depreciation	<u>(435,316)</u>
Total Adjustments	<u>(187,400)</u>
Change in Net Assets (GAAP Basis)	<u>\$ 132,846</u>

MISCELLANEOUS SCHEDULES

TOWN OF AVON, COLORADO

DEBT SCHEDULE DECEMBER 31, 2006

Purpose	Schedule of Indebtedness					Payments Due In 2007	
	Date Issued	Interest Rate/Yield	Maturity Date	Amount Issued	Amount Outstanding	Principal	Interest
General Obligation Bonds:							
Series 1996:							
General Obligation Refunding Bonds	4/1/1996	4.10% - 5.30%	12/1/2009	\$ 4,555,000	\$ 1,095,000	\$ 490,000	\$ 56,540
Supplemental "B" Certificates	4/1/1996	3.65% - 4.25%	6/1/1998	820,000	-	-	-
Less: Original Issue Discount	4/1/1996	3.65% - 4.25%	6/1/1998	(28,131)	-	-	-
Series 2001:							
Avon Metropolitan District General Obligation Refunding Bonds	2/1/2001	3.50% - 4.20%	11/1/2010	3,705,000	1,715,000	400,000	66,060
Supplemental "B" Coupons	2/1/2001	3.50%	11/1/2001	245,000	-	-	-
Less: Original Issue Discount	2/1/2001	N/A	11/1/2001	(3,030)	-	-	-
Series 2004:							
General Obligation Bonds	12/14/2004	3.00% - 4.00%	12/1/2016	3,460,000	3,460,000	-	128,073
Detached "B" Interest Certificates	12/14/2004	2.38% - 3.25%	12/1/2009	215,000	140,000	36,976	-
Less: Original Issue Discount	12/14/2004	N/A	12/1/2009	(18,827)	(16,226)	3,024	-
Net General Obligation Bonds				<u>12,950,012</u>	<u>6,393,774</u>	<u>930,000</u>	<u>250,673</u>
Revenue Bonds:							
Series 1999, Revenue Refunding Bonds	1/15/1999	3.25% - 4.55%	9/15/2014	5,580,000	3,110,000	340,000	136,935
Total Revenue Bonds				<u>5,580,000</u>	<u>3,110,000</u>	<u>340,000</u>	<u>136,935</u>
Certificates of Participation:							
Series 1998, Certificates of Participation	6/30/1998	3.90% - 4.90%	11/30/2018	7,085,000	4,980,000	315,000	243,467
Total Certificates of Participation				<u>7,085,000</u>	<u>4,980,000</u>	<u>315,000</u>	<u>243,467</u>
Capital Lease Obligations							
Master Lease-Purchase, Wells Fargo	3/28/2003	4.15%	3/28/2010	339,000	205,430	48,269	8,525
Master Lease-Purchase, Wells Fargo	8/26/2004	2.90%	8/26/2007	77,192	26,470	26,470	768
Master Lease-Purchase, Wells Fargo	2/23/2005	3.35%	2/23/2010	95,061	77,281	18,376	2,589
Master Lease-Purchase, Wells Fargo	12/14/2006	4.20%	12/14/2011	172,676	172,675	31,753	7,252
Total Capital Lease Obligations				<u>683,929</u>	<u>481,856</u>	<u>124,868</u>	<u>19,134</u>
Total Long-term Debt				<u>\$ 26,298,941</u>	<u>\$ 14,965,630</u>	<u>\$ 1,709,868</u>	<u>\$ 650,209</u>

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Legislative:				
Mayor and Town Council	\$ 123,772	\$ 125,352	\$ 123,208	\$ 2,144
Boards and Commissions	15,355	15,355	11,978	3,377
Town Attorney	97,000	97,000	112,914	(15,914)
Public Relations	251,853	289,053	264,447	24,606
Town Clerk	108,626	115,686	119,123	(3,437)
Total Legislative	596,606	642,446	631,670	10,776
Judicial:				
Municipal Court	85,498	85,498	87,736	(2,238)
Executive:				
Town Manager	262,542	261,041	271,768	(10,727)
Human Resources	123,297	123,297	141,722	(18,425)
Total Executive	385,839	384,338	413,490	(29,152)
Finance Department				
Finance	510,310	511,710	501,825	9,885
Information Systems	154,401	169,505	168,869	636
Total Finance Department	664,711	681,215	670,694	10,521
Nondepartmental	306,970	312,962	315,538	(2,576)
Total General Government	2,039,624	2,106,459	2,119,128	(12,669)
Community Development:				
Administration	142,393	145,059	157,732	(12,673)
Planning	232,951	234,751	220,884	13,867
Building Inspection	259,040	558,735	534,239	24,496
Total Community Development	634,384	938,545	912,855	25,690

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Police:				
Administration	\$ 304,791	\$ 310,017	\$ 314,335	\$ (4,318)
Patrol	1,493,740	1,500,615	1,461,549	39,066
Investigations	104,697	100,960	103,698	(2,738)
Total Public Safety	1,903,228	1,911,592	1,879,582	32,010
Public Works:				
Administration	81,376	81,376	82,504	(1,128)
Engineering	274,021	316,980	310,445	6,535
Roads and Streets	1,271,906	1,302,589	1,219,602	82,987
Facilities Maintenance	469,082	467,861	383,311	84,550
Parks	868,680	844,753	751,500	93,253
Total Public Works	2,965,065	3,013,559	2,747,362	266,197
Recreation and Culture:				
Special Events	247,367	255,742	234,014	21,728
Administration	316,889	311,951	309,343	2,608
Adult Programs	46,816	46,816	39,675	7,141
Aquatics	428,069	428,069	400,802	27,267
Child Care	36,054	36,054	33,608	2,446
Fitness	113,437	112,199	113,539	(1,340)
Front Desk	288,651	286,651	239,539	47,112
Maintenance	699,434	700,424	652,906	47,518
Youth Programs	87,828	95,324	93,486	1,838
Cabin	54,395	56,218	51,991	4,227
Total Recreation and Culture	2,318,940	2,329,448	2,168,903	160,545
TOTAL OPERATING EXPENDITURES	\$ 9,861,241	\$ 10,299,603	\$ 9,827,830	\$ 471,773

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 1,513,905	\$ 1,513,905	\$ 1,517,214	\$ 3,309
General Property Tax - Delinquent Collections	300	10,576	10,576	-
General Property Tax - Interest and Penalties	300	956	2,057	1,101
Specific Ownership Tax	160,000	170,000	179,560	9,560
Sales Tax	4,689,487	5,031,260	4,999,786	(31,474)
Utility Tax	120,000	137,500	129,537	(7,963)
Accommodations Tax	345,050	408,330	435,206	26,876
Penalties and Interest	15,000	32,970	45,809	12,839
Sales Tax Audit Assessments	20,000	-	-	-
Payments In-Lieu-Of Sales Tax	551,505	438,865	438,865	-
Franchise Fees	290,000	403,229	361,779	(41,450)
Total Taxes	7,705,547	8,147,591	8,120,389	(27,202)
Licenses and Permits:				
Liquor Licenses	4,000	4,000	4,482	482
Business Licenses	20,000	20,000	19,352	(648)
Contractor's Licenses	13,500	15,000	17,605	2,605
Building Permits	147,500	612,426	587,776	(24,650)
Plumbing Permits	18,000	87,739	97,821	10,082
Mechanical Permits	18,000	87,739	97,404	9,665
Road Cut Permits	5,000	5,000	3,450	(1,550)
Other Licenses and Permits	100	100	-	(100)
Total Licenses and Permits	226,100	832,004	827,890	(4,114)
Intergovernmental:				
Federal:				
School Resource Officer	45,340	41,691	43,786	2,095
Other Federal Grants	-	-	489	489
State:				
LEAF Grant	-	10,000	5,693	(4,307)
Other State Grants	-	1,500	2,570	1,070
State/County Shared Revenue:				
Conservation Trust	58,640	70,000	71,660	1,660
Motor Vehicle Registration	22,335	23,800	22,961	(839)
Highway User's Tax	157,667	157,667	174,839	17,172
Cigarette Tax	33,123	51,800	53,820	2,020
County Sales Tax	360,088	403,000	384,883	(18,117)
Road & Bridge Fund	127,000	140,000	141,331	1,331
State Severance Tax	-	3,444	3,444	-
Total Intergovernmental	804,193	902,902	905,476	2,574

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges for Services:				
General Government:				
Sale of Map and Publications	\$ 250	\$ 250	\$ 20	\$ (230)
Photocopying Charges	1,500	2,500	3,694	1,194
License Hearing Fees	100	-	25	25
Other Fees and Charges	2,250	2,250	1,983	(267)
Plan Check Fees	105,000	528,082	598,829	70,747
Subdivision Review Fees	20,000	65,000	111,751	46,751
Design Review Fees	30,000	36,000	48,965	12,965
Animal Control Fees	500	1,250	1,740	490
Abatement Services	100	100	4,700	4,600
Police Reports	1,250	1,250	941	(309)
Off-duty Police Employment	6,750	6,750	684	(6,066)
Fingerprinting Fees	2,500	2,750	4,264	1,514
VIN Inspection Fees	17,750	17,750	16,585	(1,165)
False Alarm Fees	150	1,500	1,661	161
DUI Reimbursement	-	1,250	2,174	924
Village at (Avon) Municipal Service Charges	573,574	573,574	555,112	(18,462)
Subtotal: General Government	761,674	1,240,256	1,353,128	112,872
Recreation Center:				
Admission Fees	1,105,462	998,290	1,002,898	4,608
Program Fees	60,235	50,417	52,446	2,029
Rentals	4,400	4,400	5,193	793
Merchandise Sales	17,733	13,675	17,756	4,081
Childcare	17,237	15,000	11,941	(3,059)
Other Recreation Center Services	22,486	19,037	19,403	366
Fitness Program Revenues	29,856	26,866	29,617	2,751
Locker Rental	330	100	100	-
Other Recreation:				
Adult Program Revenues	15,282	15,281	17,003	1,722
Cabin Equipment Rentals	46,046	37,071	38,671	1,600
Athletic Field Rentals	3,311	4,000	4,408	408
Cabin Concessions	4,687	4,477	5,567	1,090
Youth Program Revenues	72,713	88,463	106,338	17,875
Sponsorships	90,200	85,000	87,300	2,300
Advertisements	6,600	810	810	-
Event Fees	17,246	9,000	11,195	2,195
Subtotal: Recreation	1,513,824	1,371,887	1,410,646	38,759
Total Charges for Services	2,275,498	2,612,143	2,763,774	151,631

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2005 (CONTINUED)

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Forfeitures:				
Court Fines - Traffic	\$ 15,000	\$ 17,500	\$ 37,012	\$ 19,512
Court Fines - Criminal	30,000	37,500	21,964	(15,536)
Court Fines - Parking	5,400	8,000	8,755	755
Court Fines - General	2,500	3,000	285	(2,715)
Court Costs	4,500	5,250	5,503	253
Jury Fees	200	200	-	(200)
Bond Forfeitures	900	900	-	(900)
Miscellaneous Court Revenues	150	500	335	(165)
Court Fine - Toy Fund	1,250	1,500	-	(1,500)
Total Fines and Forfeitures	59,900	74,350	73,854	(496)
Investment Earnings	175,000	400,000	471,099	71,099
Miscellaneous Revenues:				
Recreational Amenity Fees	135,000	135,000	131,436	(3,564)
Community Enhancement Fee	50,000	-	-	-
Bond Issuance Fee	11,664	11,638	11,600	(38)
Lease of Town-owned Property	5,500	26,500	25,340	(1,160)
Miscellaneous Nonclassified Revenues	40,000	50,000	52,599	2,599
Total Miscellaneous Revenues	242,164	223,138	220,975	(2,163)
TOTAL REVENUES	\$ 11,488,402	\$ 13,192,128	\$ 13,383,457	\$ 191,329

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2006

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Facilities:					
Municipal Building Expansion	\$ -	\$ 30,811	\$ 30,811	\$ 500,000	\$ 469,189
Transportation Center:					
Land Acquisition	568,044	463,732	1,031,776	1,031,775	(1)
Parking Lot	348,687	-	348,687	348,687	-
Facility	66,709	117,943	184,652	2,664,100	2,479,448
Land and Land Improvements:					
Wildridge Park Improvements and Playground	119,091	29,313	148,404	180,909	32,505
I-70 Entrance Sign Removal	-	20,000	20,000	20,000	-
Roads and Streets:					
Streetscape:					
Eaglebend Dr.	52,584	28,538	81,122	1,350,000	1,268,878
2006 Lighting Study and Conversion	-	110,074	110,074	152,000	41,926
Street Improvements:					
Town Center West/Mall:					
Plan Implementation	121,152	171,428	292,580	372,580	80,000
Railroad Crossings to Confluence	-	32,124	32,124	1,040,000	1,007,876
Roundabout #4 Conversion	-	24,457	24,457	870,000	845,543
Annual Street Improvements:					
2006 Paving/Road Improvements	-	343,760	343,760	345,000	1,240
Multi-Modal/Alternative Mobility:					
2006 Wildridge Traffic Calming	-	227,747	227,747	280,000	52,253
Swift Gulch Rd. Bikepath	21,020	249,031	270,051	270,000	(51)
Recreation:					
Eagle River Enhancement Project	33,856	512,314	546,170	557,806	11,636
RICD Water Rights Acquisition	55,465	228,737	284,202	336,000	51,798
Stormwater and Drainage:					
W. Beaver Creek Blvd. / I-70 to Railroad	-	33,441	33,441	355,000	321,559

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Strategic Planning:					
Development Analysis and Review:					
Confluence / Westin Riverfront Resort	187,787	162,545	350,332	175,000	(175,332)
The Gates at Beaver Creek	678	3,190	3,868	-	(3,868)
Sheraton Mountain Vista 2005 Application	9,649	7,057	16,706	17,500	794
East Avon Redevelopment (Master Plan)	-	93,481	93,481	180,000	86,519
Planning and Consulting:					
Comprehensive Plan	148,154	23,748	171,902	187,200	15,298
2006 General Planning and Consulting	-	1,824	1,824	25,000	23,176
Housing Needs Assessment	-	18,500	18,500	50,000	31,500
Other:					
2006 Historic Preservation	-	9,312	9,312	25,000	15,688
Historic Analysis Study	3,920	-	3,920	25,000	21,080
Developer Rebates and Capital Contributions					
Rebates:					
Sheraton Mountain Vista	1,121,358	84,658	1,206,016	1,500,000	293,984
Capital Contributions:					
Westin Riverfront Resort	-	1,176,000	1,176,000	2,563,000	1,387,000
Westin Riverfront Resort - Interest	-	41,639	41,639	122,410	80,771
Total Capital Improvement Projects	\$ 2,858,154	\$ 4,245,404	\$ 7,103,558	\$ 15,543,967	\$ 8,440,409

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Avon
	YEAR ENDING: December 2006
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Valerie Barry Phone: (970) 748-4000

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	85120.14
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1527273.6
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	65901.99
2. General fund appropriations	1516103	b. Snow and ice removal	375047.25
3. Other local imposts (from page 2)	179560	c. Other	0
4. Miscellaneous local receipts (from page 2)	566505.73	d. Total (a. through c.)	440949.24
5. Transfers from toll facilities	0	4. General administration & miscellaneous	20626.01
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	218099.2
a. Bonds - Original Issues	0	6. Total (1 through 5)	2292068.19
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	159519
7. Total (1 through 6)	2262168.73	b. Redemption	208382
B. Private Contributions	200000	c. Total (a. + b.)	367901
C. Receipts from State government (from page 2)	197800	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2659968.73	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	367901
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2659969.19

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	4037587	0	208382	3829205
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2659968.73	2659969.19		-0.46

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2006

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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	179,560	g. Other Misc. Receipts	0
6. Total (1. through 5.)	179,560	h. Other RETI	566,506
c. Total (a. + b.)	179,560	i. Total (a. through h.)	566,506
	(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	174839	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	22961	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	22961	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	197800	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	0	0
b. Engineering Costs	85,120	0	85,120
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	85,120	0	85,120
			(Carry forward to page 1)

Notes and Comments:

THIS PAGE INTENTIONALLY LEFT BLANK

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 95-101) – 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 102-105) – 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 106-109) – 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 110-112) – 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 113-115) – 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.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF AVON, COLORADO

NET ASSETS BY COMPONENT LAST FOUR FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Investment in Capital Assets, Net of Related Debt	\$ 9,599,212	\$ 12,206,057	\$ 23,123,596	\$ 23,801,715
Restricted For:				
Debt Service	847,163	635,342	88,136	129,581
TABOR Emergency Reserve	384,946	384,678	472,201	567,512
Unrestricted	9,889,514	12,529,657	15,063,082	18,928,339
Total Governmental Activities Net Assets	\$ 20,720,835	\$ 25,755,734	\$ 38,747,015	\$ 43,427,147
Business-type Activities				
Investment in Capital Assets, Net of Related Debt	\$ 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 Assets	\$ 1,674,335	\$ 2,196,420	\$ 2,511,225	\$ 2,745,645
Primary Government				
Investment in Capital Assets, Net of Related Debt	\$ 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 Assets	\$ 22,395,170	\$ 27,952,154	\$ 41,258,240	\$ 46,172,792

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

CHANGES IN NET ASSETS LAST FOUR 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
Housing	97,837	-	-	-
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	9,776,493	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	\$ 13,269,582	\$ 13,640,097	\$ 15,984,192	\$ 18,498,432
Program Revenues				
Governmental Activities:				
Charges for Services	\$ 2,857,329	\$ 2,505,400	\$ 2,750,881	\$ 4,150,236
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
Operating Grants and Contributions	195,995	-	-	-
Capital Grants and Contributions	-	117,966	195,532	-
Total Business-type Activity Program Revenues	2,515,268	2,765,343	3,117,326	3,190,835
Total Primary Government Program Revenues	\$ 5,496,797	\$ 5,467,855	\$ 5,878,490	\$ 9,055,609
Net (Expense) Revenue				
Governmental Activities	\$ (6,794,964)	\$ (7,187,718)	\$ (9,425,507)	\$ (8,457,243)
Business-type Activities	(977,821)	(984,524)	(680,195)	(985,580)
Total Primary Government Net Expense	\$ (7,772,785)	\$ (8,172,242)	\$ (10,105,702)	\$ (9,442,823)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
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
Miscellaneous	1,077,000	1,106,327	1,718,929	1,138,046
Gain (Loss) on Disposal of Capital Assets	-	4,177	(3,532)	(2,097)
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:				
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 Assets				
Governmental Activities	\$ 3,509,861	\$ 3,491,735	\$ 3,829,798	\$ 4,680,132
Business-type Activities	(127,821)	(77,437)	314,805	234,420
Total Primary Government	\$ 3,382,040	\$ 3,414,298	\$ 4,144,603	\$ 4,914,552

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Taxes	\$ 7,919,260	\$ 9,156,013	\$ 9,758,234	\$ 9,611,252	\$ 9,937,542
Licenses and Permits	296,166	312,278	278,903	498,904	192,672
Intergovernmental	2,793,719	2,489,874	2,182,382	2,804,849	1,009,532
Charges for Services	3,964,656	1,283,954	1,542,241	1,807,848	2,026,770
Fines and Forfeitures	45,538	51,376	51,252	46,873	60,486
Special Assessments	105,586	80,401	68,528	61,926	53,407
Investment Earnings	489,721	582,856	620,587	725,186	471,315
Other Revenues	502,897	443,234	491,343	1,262,079	985,834
Total Revenues	16,117,543	14,399,986	14,993,470	16,818,917	14,737,558
Expenditures					
Current:					
General Government and Housing	1,392,244	1,721,277	1,911,025	2,329,465	2,166,837
Community Development	433,381	460,628	588,081	608,175	605,560
Public Safety	2,206,089	2,753,841	3,245,157	4,241,344	1,662,108
Public Works and Utilities	1,655,115	2,467,761	2,199,747	2,550,880	2,604,511
Transportation	3,325,255	-	-	-	-
Recreation and Culture	1,601,614	1,776,425	2,053,269	2,056,555	2,080,409
Capital Improvements	5,192,614	6,705,346	5,686,282	1,997,224	2,435,739
Debt Service:					
Principal	680,000	1,212,321	1,311,000	1,291,529	1,603,287
Interest	768,946	1,221,927	1,228,036	1,313,703	1,148,614
Bond Issuance Costs	116,461	317,621	191,539	-	104,549
Fiscal Charges	19,874	48,827	40,886	40,142	47,112
Total Expenditures	17,391,593	18,685,974	18,455,022	16,429,017	14,458,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,274,050)	(4,285,988)	(3,461,552)	389,900	278,832
Other Financing Sources (Uses)					
Transfers In	559,729	3,670,492	1,846,001	1,104,249	1,004,246
Transfers Out	(559,729)	(2,689,919)	(2,285,288)	(1,393,283)	(2,064,246)
Proceeds from Borrowing	3,619,721	7,828,372	439,569	702,781	-
Proceeds from Refunding	-	-	5,580,000	-	3,964,113
Payments to Escrow Agent	-	-	(5,388,461)	-	(3,851,327)
Sales of Capital Assets	21,960	36,200	-	44,546	1,840
Total Other Financing Sources (Uses)	3,641,681	8,845,145	191,821	458,293	(945,374)
Net Change in Fund Balances	\$ 2,367,631	\$ 4,559,157	\$ (3,269,731)	\$ 848,193	\$ (666,542)
Debt Service as a Percentage of Noncapital Expenditures	13.00%	23.38%	21.71%	18.33%	24.15%

Source: Town of Avon Finance Department

Fiscal Year				
2002	2003	2004	2005	2006
\$ 9,420,818	\$ 9,870,673	\$ 10,239,779	\$ 12,057,347	\$ 12,395,422
571,557	186,948	236,867	249,032	827,890
1,647,548	920,907	882,103	984,333	2,523,356
1,754,118	2,564,384	2,153,941	2,388,948	3,004,306
44,603	56,866	58,757	53,448	73,854
47,854	45,564	37,683	31,464	-
192,010	161,588	198,574	446,097	826,004
920,975	942,087	2,896,383	804,332	573,414
<u>14,599,483</u>	<u>14,749,017</u>	<u>16,704,087</u>	<u>17,015,001</u>	<u>20,224,246</u>
1,986,382	1,652,538	1,576,203	1,742,961	2,127,325
480,411	416,569	477,045	532,290	912,855
1,561,029	1,557,109	1,652,782	1,667,280	1,879,582
2,590,299	2,781,036	2,574,772	2,748,931	2,819,023
-	-	-	-	-
1,931,794	1,939,224	1,943,124	2,024,614	2,168,903
4,807,404	1,916,329	913,297	2,758,137	4,245,404
1,459,133	1,435,000	3,540,000	1,297,500	1,296,250
1,125,017	1,062,916	940,228	555,343	504,122
-	-	98,648	-	-
37,719	39,584	52,195	35,762	36,179
<u>15,979,188</u>	<u>12,800,305</u>	<u>13,768,294</u>	<u>13,362,818</u>	<u>15,989,643</u>
<u>(1,379,705)</u>	<u>1,948,712</u>	<u>2,935,793</u>	<u>3,652,183</u>	<u>4,234,603</u>
1,260,694	2,019,381	1,063,480	1,540,361	2,601,594
(2,043,195)	(2,869,381)	(1,970,567)	(2,535,361)	(3,821,594)
-	339,000	75,864	74,403	130,621
-	-	3,732,911	-	-
-	-	(3,632,554)	-	-
2,362	378	1,410	1,001	1,504
<u>(780,139)</u>	<u>(510,622)</u>	<u>(729,456)</u>	<u>(919,596)</u>	<u>(1,087,875)</u>
<u>\$ (2,159,844)</u>	<u>\$ 1,438,090</u>	<u>\$ 2,206,337</u>	<u>\$ 2,732,587</u>	<u>\$ 3,146,728</u>
23.47%	23.31%	36.03%	17.81%	15.64%

TOWN OF AVON, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund					
Reserved	\$ 20,215	\$ 39,498	\$ -	\$ 426,410	\$ 381,173
Unreserved	5,519,452	5,368,448	4,849,928	4,525,207	3,342,232
Total General Fund	<u>5,539,667</u>	<u>5,407,946</u>	<u>4,849,928</u>	<u>4,951,617</u>	<u>3,723,405</u>
All Other Governmental Funds					
Reserved	364,071	5,084,203	1,048,616	922,097	885,105
Unreserved, Reported In:					
Special Revenue Funds	-	45,590	1,815,500	2,094,759	2,490,503
Capital Projects Fund	2,015,383	2,096,902	3,096,706	3,690,470	3,893,388
Total All Other Governmental Funds	<u>\$ 2,379,454</u>	<u>\$ 7,226,695</u>	<u>\$ 5,960,822</u>	<u>\$ 6,707,326</u>	<u>\$ 7,268,996</u>
	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 380,049	\$ 384,946	\$ 384,678	\$ 472,201	\$ 575,140
Unreserved	3,104,799	3,375,366	3,999,194	5,301,416	6,499,558
Total General Fund	<u>3,484,848</u>	<u>3,760,312</u>	<u>4,383,872</u>	<u>5,773,617</u>	<u>7,074,698</u>
All Other Governmental Funds					
Reserved	834,743	847,163	635,342	650,636	692,081
Unreserved, Reported In:					
Special Revenue Funds	2,023,079	1,550,979	1,331,621	1,327,522	3,024,746
Capital Projects Fund	2,489,887	4,112,193	6,126,149	7,457,796	7,731,519
Total All Other Governmental Funds	<u>\$ 5,347,709</u>	<u>\$ 6,510,335</u>	<u>\$ 8,093,112</u>	<u>\$ 9,435,954</u>	<u>\$ 11,448,346</u>

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Year	Property Tax				(1) Sales Tax
	General	Specific Ownership	Penalties & Interest	Delinquent Taxes	
1997	\$ 1,543,871	\$ 119,889	\$ 4,955	\$ 1,439	\$ 4,165,005
1998	2,372,329	184,245	6,756	6,901	4,384,054
1999	2,489,424	193,240	6,792	5,973	4,547,472
2000	2,670,258	205,030	6,014	1,046	4,696,369
2001	2,425,991	189,666	5,419	514	4,902,010
2002	2,505,746	162,683	4,453	60	4,699,935
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

Year	(2)				Total
	Utility Tax	Franchise Tax	Accom. Tax	Real Estate Transfer Tax	
1997	\$ 60,620	\$ 181,095	\$ 298,679	\$ 1,543,707	\$ 7,919,260
1998	63,698	187,360	-	1,950,670	9,156,013
1999	65,164	196,796	-	2,253,373	9,758,234
2000	70,094	208,230	-	1,754,211	9,611,252
2001	112,666	242,334	-	2,058,942	9,937,542
2002	107,129	225,866	-	1,714,946	9,420,818
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

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 Taxable Assessed Value
1996	1997	\$ 62,469,610	\$ 7,034,070	\$ 5,390,640	\$ (6,998,000)	\$ 67,896,320
1997	1998	87,643,855	7,303,920	6,962,490	(6,375,715)	95,534,550
1998	1999	22,532,500	36,706,620	39,073,900	1,377,380	99,690,400
1999	2000	22,512,350	47,391,820	43,515,240	1,392,510	114,811,920
2000	2001	20,814,730	52,400,440	45,746,620	1,310,010	120,271,800
2001	2002	22,499,340	63,257,860	51,363,470	2,199,270	139,319,940
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

Levy Year	Collection Year	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
1996	1997	22.785	\$ 347,593,160	19.53%
1997	1998	19.568	532,846,859	17.93%
1998	1999	19.372	566,711,185	17.59%
1999	2000	18.347	692,365,810	16.58%
2000	2001	15.488	746,742,920	16.11%
2001	2002	14.606	928,319,150	15.01%
2002	2003	14.234	978,914,070	14.76%
2003	2004	14.111	1,026,692,120	14.20%
2004	2005	13.781	1,070,116,330	14.29%
2005	2006	13.339	1,202,381,510	14.05%

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.

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Levy Year	Collection Year	Town of Avon Direct Rates			Overlapping Rates		
		General Operating	General Obligation Debt Service	Total Direct	Avon Metropolitan District	Eagle County	Eagle County Library District
1996	1997	11.456	11.329	22.785	8.706	8.937	2.750
1997	1998	11.456	8.112	19.568	5.855	7.463	2.750
1998	1999	11.456	7.916	19.372	5.876	7.463	2.750
1999	2000	11.456	6.891	18.347	5.079	7.050	2.750
2000	2001	8.956	6.532	15.488	4.857	7.079	2.750
2001	2002	8.956	5.650	14.606	3.607	6.999	2.750
2002	2003	8.956	5.278	14.234	3.478	6.999	2.750
2003	2004	8.956	5.155	14.111	3.619	8.499	2.750
2004	2005	8.956	4.825	13.781	3.479	8.499	2.750
2005	2006	8.956	4.383	13.339	3.283	8.499	2.750

Levy Year	Collection Year	Overlapping Rates					
		Colorado Mountain College	Eagle County School District RE-50J	UEV Consolidated Sanitation District (Basic)	UEV Sanitation District (DS)	Eagle River Water & Sanitation District (DS)	Eagle River Fire Protect District
1996	1997	3.785	26.227	0.513	1.080	-	-
1997	1998	3.944	22.408	0.436	0.809	-	-
1998	1999	3.539	25.641	0.434	0.502	0.674	-
1999	2000	3.655	22.047	0.385	0.478	1.154	3.800
2000	2001	3.997	22.312	0.385	-	1.135	3.800
2001	2002	3.997	21.655	0.356	-	0.970	3.800
2002	2003	3.997	21.981	-	-	1.300	3.800
2003	2004	3.997	21.120	-	-	1.335	3.800
2004	2005	3.997	21.080	-	-	1.330	3.800
2005	2006	3.997	19.595	-	-	1.214	3.800

Levy Year	Collection Year	Overlapping Rates					
		Co River Water Conserv District	Eagle County Health Svc District	Confluence Metropolitan District	Avon Station Metropolitan District	Mtn. Vista Metropolitan District	Village Metropolitan District
1996	1997	0.343	1.070	-	-	-	-
1997	1998	0.307	0.926	-	-	-	-
1998	1999	0.309	0.932	-	-	-	-
1999	2000	0.282	0.842	-	-	-	-
2000	2001	0.253	0.842	-	-	-	-
2001	2002	0.253	0.748	-	-	-	-
2002	2003	0.255	2.011	-	-	-	-
2003	2004	0.255	2.005	45.000	45.000	45.000	15.000
2004	2005	0.252	2.013	45.000	45.000	45.000	15.000
2005	2006	0.230	2.010	45.000	45.000	45.000	15.000

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

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

TOWN OF AVON, COLORADO

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2006			1997		
	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	\$ 6,882,680	1	4.07%	\$ -		
Traer Creek-IID LLC	4,933,990	2	2.92%	-		
Chapel Square Ventures LP	4,813,140	3	2.85%	2,160,020	3	2.26%
Avon Partners II, LLC	3,786,620	4	2.24%	3,045,190	1	3.19%
Avon Wynfield LLC	2,991,730	5	1.77%	2,054,810	4	2.15%
Traer Creek-RP LLC	2,525,430	6	1.50%	-		
Comcast of Colorado VII, LLC	2,176,800	7	1.29%	-		
Mountain Star, LLC	2,042,530	8	1.21%	2,294,840	2	2.40%
Riverview Park Assoc, Inc	1,986,490	9	1.18%	1,728,370	5	1.81%
Points of Colorado	1,940,080	10	1.15%	-		
Vail Building Arts Associates LTD	-			1,703,380	6	1.78%
Avon Commercial Center, LTD	-			1,634,230	7	1.71%
Tanavon Corporation	-			1,605,720	8	1.68%
Dillon Real Estate Co, Inc	-			1,269,050	9	1.33%
Vail-Avon Commercial Properties, LLC	-			1,081,120	10	1.13%
Total Assessed Value of the Ten Largest Taxpayers	34,079,490		20.18%	18,576,730		19.45%
Total Assessed Value of Other Taxpayers	134,827,150		79.82%	76,957,820		80.55%
Total Assessed Value of All Taxpayers	\$ 168,906,640		100.00%	\$ 95,534,550		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
1996	1997	\$ 1,547,017	\$ 1,543,871	99.80%	\$ 1,439	\$ 1,545,310	99.89%
1997	1998	2,376,823	2,372,329	99.81%	6,901	2,379,230	100.10%
1998	1999	2,500,503	2,489,424	99.56%	5,973	2,495,397	99.80%
1999	2000	2,672,106	2,670,258	99.93%	1,046	2,671,304	99.97%
2000	2001	2,430,796	2,425,991	99.80%	514	2,426,505	99.82%
2001	2002	2,522,027	2,505,746	99.35%	60	2,505,806	99.36%
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%

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	Capital Leases
1997	\$ 8,196,815	\$ 430,000	\$ 5,010,000	\$ -	\$ 575,583
1998	11,997,136	355,000	4,820,000	-	811,321
1999	11,420,082	300,000	5,210,000	1,713,750	900,306
2000	10,814,047	245,000	4,935,000	1,653,750	458,195
2001	10,219,023	195,000	4,655,000	1,592,500	279,857
2002	9,480,000	140,000	4,360,000	1,530,000	172,307
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

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Capital Leases			
1997	\$ -	\$ -	\$ 14,212,398	16.62%	\$ 5,252
1998	7,085,000	205,238	17,983,457	19.94%	6,453
1999	5,141,250	251,267	19,544,138	20.13%	6,691
2000	7,306,250	207,578	18,105,992	9.30%	3,256
2001	7,052,500	161,751	16,941,380	7.93%	3,046
2002	6,790,000	113,548	15,682,307	7.23%	2,746
2003	6,512,500	75,376	14,791,669	5.42%	2,199
2004	4,181,250	15,959	13,737,071	4.87%	2,034
2005	3,963,750	19,023	12,423,332	4.16%	1,839
2006	3,735,000	54,549	11,176,081	NA	NA

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2006

Name of Governmental Entity	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Town of Avon	Amount Applicable to Town of Avon
Direct:			
Town of Avon	\$ 4,678,774	100.00%	\$ 4,678,774
Overlapping:			
Avon Metropolitan District	1,715,000	100.00%	1,715,000
Eagle County School District RE-50J	189,105,000	8.22%	15,544,431
Eagle-Vail Metropolitan District	1,865,000	16.14%	300,918
Eagle Valley Library District	3,210,000	11.49%	368,829
Eagle River Water and Sanitation District	12,760,000	10.39%	1,325,764
Subtotal - Overlapping	208,655,000		19,254,942
Total	\$ 213,333,774		\$ 23,933,716

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 the Town.

TOWN OF AVON, COLORADO

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

	Fiscal Year			
	1997	1998	1999	2000
General Bonded Debt Outstanding General Obligation Bonds	\$ 8,055,000	\$ 7,765,000	\$ 7,425,000	\$ 7,120,000
Actual Taxable Property Value	347,593,160	532,846,859	566,711,185	692,365,810
Percentage of Actual Taxable Property Value	2.32%	1.46%	1.31%	1.03%
Per Capita	\$ 2,977	\$ 2,786	\$ 2,542	\$ 1,263
Legal Debt Limit	\$ 23,883,638	\$ 23,883,638	\$ 24,936,805	\$ 28,702,980
Total Debt Applicable to Limit	<u>(8,055,000)</u>	<u>(7,765,000)</u>	<u>(7,425,000)</u>	<u>(7,120,000)</u>
Legal Debt Margin	<u>\$ 15,828,638</u>	<u>\$ 16,118,638</u>	<u>\$ 17,511,805</u>	<u>\$ 21,582,980</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	66.27%	67.49%	70.22%	75.19%

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

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 6,695,000	\$ 6,305,000	\$ 5,895,000	\$ 5,666,173	\$ 5,182,075	\$ 4,678,774
746,742,920	928,319,150	978,914,070	1,026,692,120	1,070,116,330	1,202,381,510
0.90%	0.68%	0.60%	0.55%	0.48%	0.39%
\$ 1,171	\$ 1,102	\$ 932	\$ 893	\$ 816	NA
\$ 30,067,950	\$ 34,829,985	\$ 36,125,903	\$ 36,443,268	\$ 38,236,245	\$ 42,226,660
<u>(6,695,000)</u>	<u>(6,305,000)</u>	<u>(5,895,000)</u>	<u>(5,666,173)</u>	<u>(5,182,075)</u>	<u>(4,678,774)</u>
<u>\$ 23,372,950</u>	<u>\$ 28,524,985</u>	<u>\$ 30,230,903</u>	<u>\$ 30,777,095</u>	<u>\$ 33,054,170</u>	<u>\$ 37,547,886</u>
77.73%	81.90%	83.68%	84.45%	86.45%	88.92%

TOWN OF AVON, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Town of Avon Population	Eagle County Population	Eagle County Personal Income	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
1997	2,706	31,962	\$ 1,167,584	\$ 31,596	32.91	4,226	158.1	2.74%
1998	2,787	33,709	1,299,997	32,358	34.00	4,343	161.9	3.21%
1999	2,921	34,950	1,404,071	33,245	31.17	4,539	166.6	2.54%
2000	5,636	41,659	1,584,204	34,997	31.26	4,645	173.2	2.16%
2001	5,717	43,292	1,676,826	38,435	31.80	4,912	181.3	2.80%
2002	5,724	44,331	1,687,236	37,949	32.34	4,844	184.8	4.30%
2003	6,328	45,216	1,758,671	40,597	31.60	5,033	186.8	5.00%
2004	6,345	46,162	1,930,354	41,773	34.10	5,126	187.0	4.10%
2005	6,349	47,530	2,107,633	44,200	33.89	5,167	190.9	3.90%
2006	NA	49,085	NA	NA	NA	5,369	197.7	3.40%

Sources: Colorado Division of Local Governments; Eagle County RE-50J School District, Eagle County

TOWN OF AVON, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR

Employer	2006	
	Employees	Rank
Wal-Mart	280	1
Home Depot	213	2
Sheraton Mountain Vista	161	3
Christie Lodge	158	4
City Market	112	5
Town of Avon	99	6
Finnegan's	48	7
Eagle River Water & Sanitation	47	8
Falcon Point	31	9
Avon Elementary School	31	10

Sources: Various Town of Avon Businesses, Department of Labor

TOWN OF AVON, COLORADO

COMMERCIAL AND RESIDENTIAL CONSTRUCTION LAST TEN FISCAL YEARS

Year	Commercial Construction		Residential Construction		Total Building Construction Value
	Square Footage	Value	No. of Units	Value	
1997	160,150	\$ 13,730,280	89	\$ 20,255,146	\$ 33,985,426
1998	29,594	5,862,230	97	25,806,307	31,668,537
1999	3,755	6,096,164	64	20,210,602	26,698,802
2000	156,027	16,700,998	47	30,823,673	47,524,671
2001	3,480	157,156	21	15,883,271	16,040,427
2002	401,304	38,830,606	289	20,490,119	59,320,725
2003	97,959	3,615,219	20	7,796,720	11,411,939
2004	140,059	3,818,000	20	12,417,897	16,235,897
2005	-	250,000	19	15,052,119	15,302,119
2006	26,639	114,860,200	12	13,980,955	128,841,155

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				
	1997	1998	1999	2000	2001
General Government					
Administration	4.50	5.20	6.20	6.75	6.75
Finance	4.50	4.50	4.50	5.50	5.50
Community Development	7.00	7.00	9.00	9.00	9.00
Police	14.50	14.30	17.00	18.00	19.00
Public Works & Engineering	12.00	18.50	19.50	21.00	21.00
Transportation	10.50	10.50	10.75	24.75	22.75
Fleet Maintenance	8.00	9.00	10.00	11.00	12.00
Recreation	18.00	20.00	21.00	21.00	20.00
Total	79.00	89.00	97.95	117.00	116.00
	2002	2003	2004	2005	2006
General Government					
Administration	6.00	5.00	5.00	5.00	5.00
Finance	6.00	6.00	6.00	6.00	6.00
Community Development	6.00	6.00	7.00	7.00	8.00
Police	18.00	17.00	17.00	17.00	18.00
Public Works & Engineering	24.00	22.50	22.00	20.90	20.90
Transportation	13.00	8.50	10.00	10.00	13.00
Fleet Maintenance	10.00	10.00	10.00	10.10	11.10
Recreation	20.00	18.00	17.00	17.00	17.00
Total	103.00	93.00	94.00	93.00	99.00

Source: Town of Avon Budget

TOWN OF AVON, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year			
	1997	1998	1999	2000
Town of Avon Facilities and Services:				
Miles of Streets	15.62	15.62	15.62	18.61
Number of Street Lights	156	156	156	156
Culture and Recreation:				
Miles of Bike/Pedestrian Paths	0	0	0	0
Parks / Lakes	2 / 1	2 / 1	2 / 1	2 / 1
Park Acreage	668	668	668	668
Tennis / Volleyball / Basketball Courts	2 / 3 / 2	2 / 3 / 2	2 / 3 / 2	2 / 3 / 2
Recreation Centers	1	1	1	1
Softball / Soccer Fields	1 / 0	1 / 0	1 / 0	1 / 0
Police Protection:				
Number of Stations	1	1	1	1
Number of Police Personnel and Officers	14.50	14.30	17.00	18.00
Number of Patrol Units	9.00	9.00	11.00	12.00
Number of Law Violations:				
General Ordinance Violations	560	286	230	298
Traffic Violations	573	449	348	252
Parking Violations	575	595	678	500
Fire Protection:				
Number of Stations	5	5	5	5
Number of Fire Personnel and Officers	14.00	15.00	17.00	25.00
Number of Calls Answered	1,887	2,092	2,111	2,321
Number of Inspections Conducted	365	600	678	850
Facilities and Services Not Included in the Reporting Entity:				
Libraries:				
Number of Libraries / Volumes	1 / 38,000	1 / 38,000	1 / 38,000	1 / 38,000
Water System:				
Miles of Water Mains	15.68	15.68	15.68	15.68
Number of Service Connections	2,489	2,489	2,489	2,786
Daily Average Consumption in Gallons	582,000	582,000	582,000	750,000
Maximum Daily Capacity of Plant in Gallons	10MGD	10MGD	10MGD	10MGD
Sanitary Sewer System:				
Miles of Sanitary Sewers	27.56	27.56	27.56	28.11
Number of Treatment Plants	1	1	1	1
Number of Service Connections	2,473	2,473	2,473	2,916
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 / 30	1 / 30
Fire Protection:				
Number of Stations	0	0	0	0
Number of Fire Personnel and Officers	0	0	0	0
Number of Calls Answered	0	0	0	0
Number of Inspections Conducted	0	0	0	0

Fiscal Year					
2001	2002	2003	2004	2005	2006
19.18	18.62	22.34	22.34	23.11	23.04
272	386	465	465	465	408
0	0	5	5.48	5.48	5.6
2 / 1	3 / 1	3 / 1	4 / 1	4 / 1	5 / 1
668	668	668	671	671	672
2 / 3 / 2	4 / 3 / 2	4 / 3 / 3	4 / 3 / 3	4 / 3 / 3	4 / 3 / 3
1	1	1	1	1	1
1 / 0	1 / 2	1 / 2	1 / 2	1 / 2	1 / 2
1	1	1	1	1	1
19.00	18.00	17.00	17.00	17.00	18.00
13.00	12.00	11.00	11.00	11.00	12.00
314	220	273	303	284	278
162	230	375	230	309	566
536	361	204	201	286	245
0	0	0	0	0	0
0.00	0.00	0.00	0.00	0.00	0.00
0	0	0	0	0	0
0	0	0	0	0	0
1 / 38,000	1 / 43,289	1 / 72,107	1 / 73,329	1 / 77,966	1 / 78,021
15.68	23.16	24.99	24.99	24.99	24.99
2,786	2,916	3,358	3,376	3,409	3,462
750,000	756,137	713,058	779,263	790,945	842,234
10MGD	10MGD	10MGD	10MGD	10MGD	10MGD
28.11	28.11	33.44	33.44	33.44	33.44
1	1	1	1	1	1
2,916	2,916	3,489	3,507	3,536	3,546
4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD
1 / 30	1 / 35	1 / 30	1 / 30	1 / 23	1 / 32
4	6	6	8	8	8
28	28	44	45	44	44
6	6	7	7	6	6
2,141	2,200	2,145	2,274	2,369	2,580

THIS PAGE INTENTIONALLY LEFT BLANK