



Annual Comprehensive Financial Report

for the year ended
December 31, 2022



Town of Avon, Colorado

Annual Comprehensive Financial Report

for the year ended December 31, 2022

Prepared by:
Scott C. Wright, CPA, CPFO
Director of Finance

TOWN OF AVON, COLORADO
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2022

TOWN COUNCIL

Amy Phillips, Mayor
Tamra N. Underwood, May Pro Temp
Russell Andrade
Rich Carroll
Lindsay Hardy
Ruthie Stanley
Chico Thuon
Tamra N. Underwood

MANAGEMENT

Eric Heil, Town Manager
Patty McKenny, Deputy Town Manager
Michael LaBagh, Recreation Director
Greg Daly, Police Chief
Matt Pielsticker, Planning Director
Eva Wilson, Public Works Director
Scott Wright, Finance Director

TOWN OF AVON, COLORADO

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	Page
INTRODUCTION	
Letter of Transmittal	v-ix
Certificate of Achievement for Excellence in Financial Reporting	x
Town of Avon Organization Chart	xi
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-17
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20-21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22-23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24-25
Statement of Net Position – Proprietary Funds	26-27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30-31
Notes to the Financial Statements	32-58
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) – Budget and Actual – General Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) – Budget and Actual – Avon Urban Renewal Authority Fund	60
Notes to Required Supplemental Information	61

TOWN OF AVON, COLORADO

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS - CONTINUED

	Page
Other Supplemental Information	
Nonmajor Governmental Funds	62
Combining Balance Sheet – Nonmajor Governmental Funds	64-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66-67
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Budget and Actual:	
Water Fund	68
Community Enhancement Fund	69
Community Housing Fund	70
Exterior Energy Offset Fund	71
Disposable Paper Bag Fee Fund	72
Debt Service Fund	73
Capital Projects Fund	74
Mobility Fund	76-77
Fleet Maintenance Fund	78-79
Equipment Replacement Fund	82-83
Miscellaneous Schedules:	
Debt Schedule	85
Detailed Schedule of General Fund Expenditures (Budgetary Basis) – Budget and Actual	86-87
Detailed Schedule of General Fund Revenues (Budgetary Basis) – Budget and Actual	88-90
Schedule of Capital Project Fund Project Expenditures (Budgetary Basis) – Budget and Actual	92-93
Local Highway Finance Report	94-95
 STATISTICAL SECTION	
Net Position by Component	98-99
Changes in Net Position	100-103
Changes in Fund Balances, Governmental Funds	104-105
Fund Balances, Governmental Funds	106
Tax Revenues by Source, Governmental Funds	107
Assessed Value and Actual Value of Taxable Property	108
Direct and Overlapping Property Tax Rates	109
Principal Taxpayers	110
Property Tax Levies and Collections	111
Ratios of Outstanding Debt by Type	112

	Page
STATISTICAL SECTION (continued)	
Direct and Overlapping Governmental Activities Debt	113
Ratio of General Bonded Debt Outstanding and Legal Debt Margin	114-115
Demographic and Economic Statistics	116
Principal Employers	117
Commercial and Residential Construction	118
Full-time Equivalent Employees by Function / Program	119
Operating Indicators by Function / Program	120-121
SINGLE AUDIT SECTION	
Notes to Schedule of Federal Awards	123
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	124-125
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	126-128
Schedule of Prior Year Findings and Questioned Costs	129
Schedule of Expenditures of Federal Awards	130

THIS PAGE INTENTIONALLY LEFT BLANK

June 21, 2023

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 annual financial report of the Town of Avon for the fiscal year ended December 31, 2022.

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

The Town of Avon's financial statements have been audited by McMahan and Associates, L.L.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Avon for the fiscal year ended December 31, 2022, 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 unmodified opinion that the Town of Avon's financial statements for the fiscal year ended December 31, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Avon's MD&A can be found immediately following the report of the independent auditors.

Letter of Transmittal
Town of Avon, Colorado
June 21, 2022

Profile of the Town

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

The Town of Avon currently encompasses approximately 8¼ square miles. The Census Bureau's population estimate as of April 2020 6,072. This figure represents the permanent resident population. Total population increases significantly during the winter tourist ski season.

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

The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members to be elected in November 2024, and the remaining four to be elected in November 2026. The mayor and mayor pro-tem are elected from amongst the elected council members by a majority vote. The mayor presides at meetings of council and shall not vote until all other Council members present who are eligible to vote have had reasonable opportunity to vote. The affirmative concurring vote of four (4) Council members is required for the adoption of an ordinance, resolution, order for appropriation, approval of a contract or approval of an intergovernmental agreement.

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. Beginning January 1, 2022, with voter approval, the Town began levying a 2% short-term rental tax on all residential short-term rentals. These funds are earmarked for community housing purposes. Effective January 1, 2019, with voter approval, the Town began levying a \$3 per pack excise tax on the sale of cigarettes and a 40% tax on other nicotine and tobacco products. The Town also collects a 2% real estate transfer tax on all sales of real property located within the Town. The Town has the power by state statute to extend its

Letter of Transmittal
Town of Avon, Colorado
June 21, 2022

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 general administrative services; community planning and zoning and building permitting and inspection services; municipal law enforcement; public works including management and maintenance of Town parks and landscaping, Nottingham Lake, bridges, streets and roads, trails, buildings, facilities and infrastructure; operation and management of the Avon Recreation Center and other youth, adult and senior recreation programs; and, special events and cultural activities.

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, the Avon Urban Renewal Authority, are presented as required supplemental information in this report. Budget to actual comparisons for all other Town funds are included as other supplemental information in this report.

Factors Affecting Financial Condition

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

Local Economy. Year-round tourism and winter recreation-related businesses account for a significant portion of the employment and earned income of area residents. Skier and snowboarder visits at Vail and Beaver Creek Resort account for almost 20% of the total such visits in Colorado. Both resorts are perennially ranked among the top ten ski resorts in the country.

Letter of Transmittal
Town of Avon, Colorado
June 21, 2022

In addition to skiing and associated winter-time activities, the area promotes a number of summer activities. The Town of Avon sponsors numerous special events throughout the year to area residents and visitors including Avon's Salute to the USA - a July 4th fireworks display typically held on July 3rd, and Avon LIVE!, a free Wednesday evening live music series; multiple sporting events such as the XTERRA triathlon; and family-friendly activities like the Avon Easter Egg Hunt. The Avon Recreation Center is a spacious 40,000 sq. ft. multi-use facility featuring a large aquatics area with a 5-lane lap pool, lazy river, kid's pool, 140 foot water slide, Aquaclimb climbing wall and diving well; a 2,560 sq. ft. advanced weight training room; a fitness room with treadmills, elliptical motion trainers, upright and recumbent bikes; and, separate Yoga/Tai Chi and multi-purpose training studios. Nottingham Park and Nottingham Lake serve as the Town's central headquarters for summer activities including standup paddleboard, pedal boat, and kayak rentals; fishing, beach volleyball, Fitness Court, and Destination Jump, Splash, Learn. Avon's Whitewater Park, with three distinct water features, is open all summer for rafters and kayakers to enjoy. The West Avon Preserve offers more than 11 miles of mountain bike trails accessible from the Town's paved bike paths with a variety of terrain for all ability levels. Offering several championship golf courses, Eagle County has earned a rating by Golf Digest Magazine as one of the top 40 golf communities in which to live. Other summer activities include hiking, horseback riding, bicycling, kayaking, and rafting, as well as other recreational sports.

Property Values. Property tax, which is based on assessed property values and a mill rate, represents approximately fifteen percent of the Town's total tax revenues. Assessed values are dependent upon real property growth and market values of property, along with assessment ratios established by the State legislature. In Avon, gross assessed values of real property decreased slightly by 0.92 percent in 2022.

Current Initiatives

Council places a high priority on maintaining the existing level of municipal services in 2023 for the purpose of community stability and support of the local economy. All levels of service and staffing to support those levels of service remain the same as 2022. Personnel cost highlights include a merit-based overall salary cost increase of 6% at January 1, and a 5% across-the-board increase for all employees on May 1, 2023. There are several new positions that will increase staff resources in Recreation, Community Development, and Buildings and Facilities. A total of \$846,673 in vehicle and heavy equipment purchases originally included in the 2022 budget are being carried-over to the 2023 budget due to continued supply-chain delays.

Downtown Development Authority: The Town is currently pursuing the formation of an Avon Downtown Development Authority for the purpose of development of community housing in the Avon downtown area to provide additional workforce housing and to sustain and enhance a critical mass of residents in the Avon downtown area necessary to support neighborhood businesses and to support the public infrastructure and public facilities which sustain and enhance the attractiveness of business investment. A Downtown Development Authority ("DDA") is similar to an Urban Renewal Authority, with the primary benefit of authorizing tax increment financing within the DDA area.

Letter of Transmittal
Town of Avon, Colorado
June 21, 2022

Community Housing. In 2023, the Avon Town Council continues to fund the buyer assistance, deed restriction purchase program originally began in 2020 called Mi Casa Avon! which has been very successful. Now with the 2% short-term rental tax on all residential short-term rentals earmarked for community housing purposes, the Town has begun feasibility studies and preliminary design on employee rental housing on certain town-owned properties.

Construction Use Tax. Staff is proposing to Town Council a construction use tax election question to be included in the upcoming November elections. A construction use tax is a form of use tax levied on building materials. The use tax is collected at the time a building permit is issued. The use tax amount is determined by multiplying the use tax rate by the cost of the building materials using a predetermined formula. A common method is to determine that the cost of building materials to be fifty percent (50%) of the total valuation of the construction project. The builder then provides the building permit to the materials supplier to prove that use tax has already been paid, and then is exempt from paying a corresponding municipal sales tax in other locations.

The administrative burden of collection under a use tax methodology is greatly reduced. In addition, the Town would have the authority when necessary to reconcile the final cost of a project versus the initial value placed on the project for permit purposes.

Capital Improvement Projects

The Town updates its capital improvements long-range plan annually. Substantial expenditures are planned in 2023 from the Capital Projects Fund. A significant portion of the expenditures are planned for road and street maintenance and repairs and multi-modal / alternative mobility projects including a \$4.6 million project for the US Hwy 6 & Stondbridge Road roundabout, which is proposed to be funded through various federal, state and local grants. Due to significant cost estimate overages, the previously-approved \$2.5 million H.A. Nottingham Park East Improvement project is being re-scoped. The original project included landscaping upgrades, recreation path repairs, and the construction of additional public restrooms on the north and east side of the park.

The dedication of real estate transfer tax revenues to capital improvements is unique to Avon and has created a stable Capital Projects Fund with adequate fund balances to continue with street resurfacing, facility replacements, and implementation of community projects identified in the Town's Comprehensive Plan documents.

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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2021. This was the thirtieth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily

Letter of Transmittal
Town of Avon, Colorado
June 21, 2022

readable and efficiently organized ACFR. 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 ACFR 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 Wright

Scott C. Wright, CPA, CPFO
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Avon
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Avon Citizens

Home Rule Charter
adopted and amended by
Avon voters

Planning & Zoning Commission (PZC)
Culture, Arts & Special Events Committee (CASE)
Finance Committee
Health & Recreation Committee

Council

Elected by Citizens - 7 Members
Council appoints Mayor, Legal Counsel, Municipal Judge, Town Manager, Boards, Commissions and Committees
Council serves as Local Liquor Authority, Board of Adjustments, and Board of Directors for Avon Urban Renewal Authority

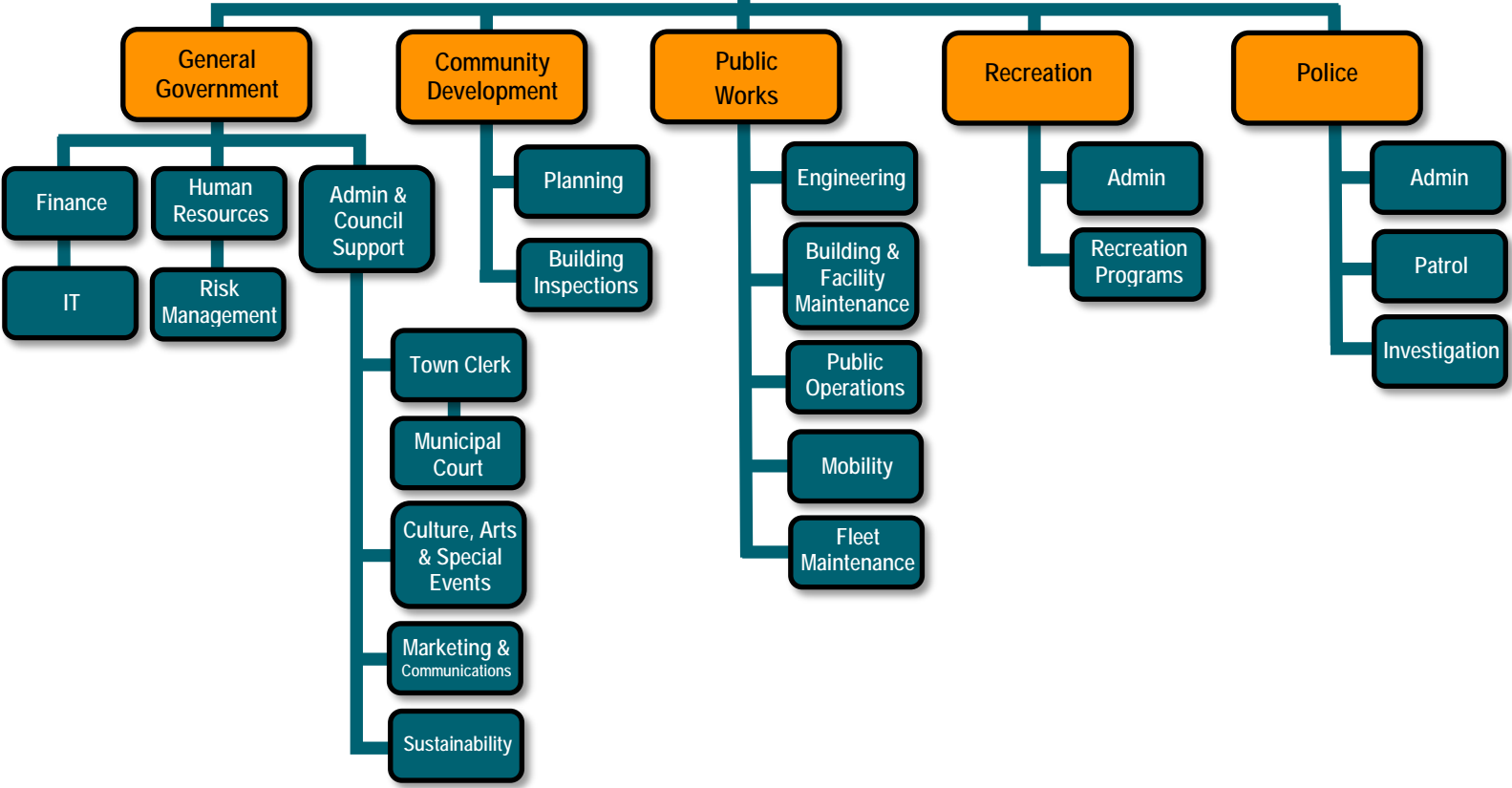
Town Attorney
Municipal Prosecutor
Special Legal Counsel

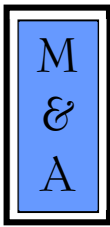
Municipal Judge

TOWN MANAGER

Oversees Departments and Personnel, Prepares Budget, Administers Contracts, Implements Policies and Projects as Directed by Council

DEPARTMENTS





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, Colorado (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis on pages 4 - 17 and budgetary comparison information on pages 59 - 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining fund financial statements, individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the combining fund financial statements, individual fund budgetary information, the Local Highway Finance Report, the statistical section, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
June 21, 2023**

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the Town exceeded its liabilities and deferred inflows at the close of its fiscal year ended December 31, 2022 by \$124,265,217 (net position). Of this amount, \$42,305,368 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies as more fully described below.
- The Town's total net position increased by \$13,234,981.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$37,939,007, an increase of \$6,982,286 from the prior year. Approximately 50.6 percent of this total amount, \$19,210,640, is available for spending at the Town's discretion (unassigned fund balance).
- The unassigned fund balance for the General Fund was \$19,210,640, or 90.7 percent of total General Fund expenditures and other financing uses. This represents a \$5,623,159 increase, or 41 percent, from the prior year.
- The Town of Avon's long-term liabilities decreased by a net \$1,602,887 during the current fiscal year. Regular principal payments were made on bonded debt of \$1,509,646, capital leases of \$88,779, and lease liabilities of \$50,790.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Town of Avon's assets and liabilities, with the difference between the two reported as net position. Over time, increases or

decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 19-21 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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Avon Urban Renewal Authority Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other five nonmajor governmental funds (Water Fund, Community Enhancement Fund, Affordable Housing Fund, Exterior Energy Offset Fund, and Disposable Paper Bag Fee 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 22-25 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 mobility 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 mobility 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 26-31 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 32-58 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 the Avon Urban Renewal Authority Fund to demonstrate compliance with these budgets and can be found on pages 59-60 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 61-95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Avon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$124,265,217 as of December 31, 2022.

The largest portion of the Town's net position (62.1%) reflects its investment in capital assets (e.g., land, buildings, utilities, machinery and equipment, infrastructure, and right-to-use lease assets), net of any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (34%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Condensed Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 51,921,266	\$ 44,655,435	\$ 2,207,784	\$ 2,316,096	\$ 54,129,050	\$ 46,971,531
Restricted Assets	450,230	451,280	-	-	450,230	451,280
Capital Assets, net	<u>77,598,684</u>	<u>75,171,072</u>	<u>14,530,727</u>	<u>12,734,715</u>	<u>92,129,411</u>	<u>87,905,787</u>
Total Assets	<u>129,970,180</u>	<u>120,277,787</u>	<u>16,738,511</u>	<u>15,050,811</u>	<u>146,708,691</u>	<u>135,328,598</u>
Deferred Outflow of Resources	<u>111,858</u>	<u>127,860</u>	<u>14,317</u>	<u>16,010</u>	<u>126,175</u>	<u>143,640</u>
Other Liabilities	4,598,328	5,082,848	206,084	223,228	4,804,412	5,306,076
Noncurrent Liabilities	<u>13,977,523</u>	<u>15,087,033</u>	<u>1,659,284</u>	<u>1,901,150</u>	<u>15,636,807</u>	<u>16,988,183</u>
Total Liabilities	<u>18,575,851</u>	<u>20,169,881</u>	<u>1,865,368</u>	<u>2,124,378</u>	<u>20,441,219</u>	<u>22,294,259</u>
Deferred Inflows of Resources	<u>2,082,427</u>	<u>2,103,515</u>	<u>46,003</u>	<u>46,004</u>	<u>2,128,430</u>	<u>2,149,519</u>
Net Position:						
Net Investment in Capital Assets	64,269,372	60,606,346	12,946,887	10,940,758	77,216,259	71,547,104
Restricted	4,743,590	2,550,071	-	-	4,743,590	2,550,071
Unrestricted	<u>40,410,798</u>	<u>34,975,834</u>	<u>1,894,570</u>	<u>1,955,681</u>	<u>42,305,368</u>	<u>36,931,515</u>
Total Net Position	<u>\$109,423,760</u>	<u>\$ 98,132,251</u>	<u>\$ 14,841,457</u>	<u>\$ 12,896,439</u>	<u>\$124,265,217</u>	<u>\$111,028,690</u>

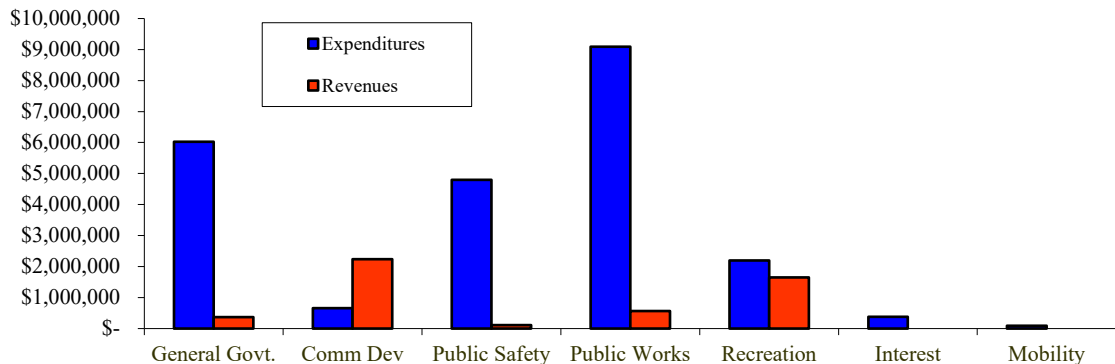
Analysis of the Town's Operations

Overall, the Town's net position increased by \$13,234,981 for 2022. Governmental activities increased net position by \$11,289,963, while business-type activities increased net position by \$1,945,018. The largest contributors to the overall increase were substantial increases in governmental taxes (sales, accommodation, tobacco) from the previous year of \$2.2 million, building fees of \$1.5 million, positive General Fund spending variances of \$1.6 million, capital and operating grants for transit operations and bus purchases of \$2 million, and positive capital project expenditure variances of \$4 million.

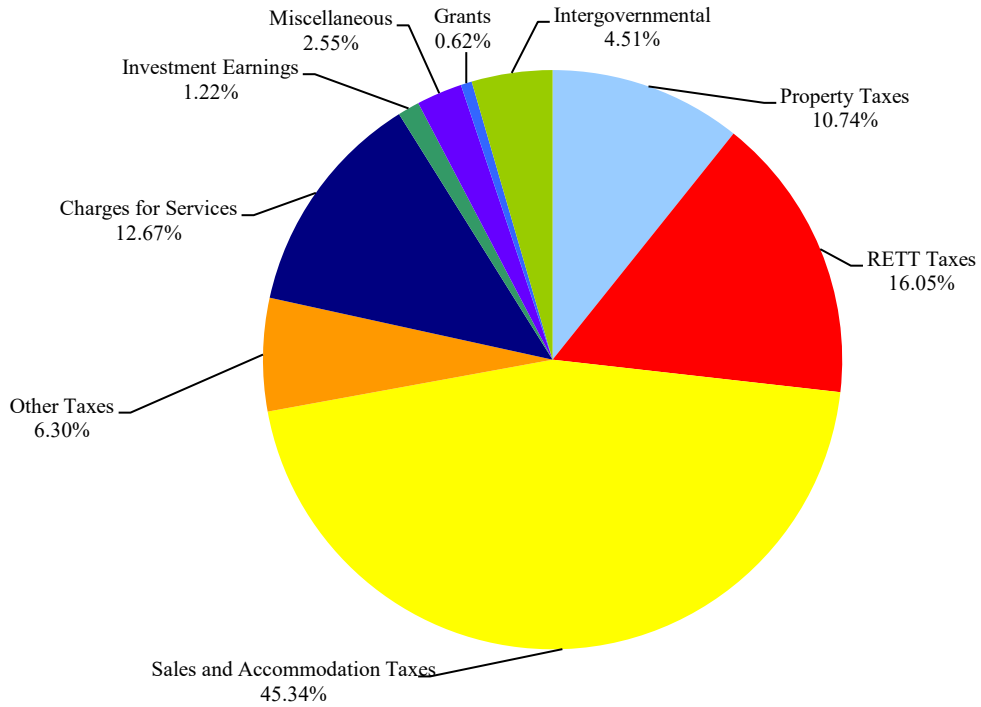
Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 4,714,559	\$ 2,428,294	\$ 1,989,517	\$ 1,656,035	\$ 6,704,076	\$ 4,084,329
Operating Grants and Contributions	182,916	104,842	431,912	1,025,745	614,828	1,130,587
Capital Grants and Contributions	47,135	48,128	1,576,477	967,643	1,623,612	1,015,771
General Revenues:						
Taxes:						
Property Taxes	3,996,579	3,672,627	46,707	42,069	4,043,286	3,714,696
Real Estate Transfer Tax	5,971,192	7,354,186	-	-	5,971,192	7,354,186
Sales and Accommodation Taxes	16,868,418	13,820,404	-	-	16,868,418	13,820,404
Other Taxes	2,345,389	2,120,037	-	-	2,345,389	2,120,037
Investment Earnings (Loss)	452,949	(7,865)	-	-	452,949	(7,865)
Unrestricted Grants & Contributions	1,677,112	1,052,084	-	-	1,677,112	1,052,084
Miscellaneous	<u>949,072</u>	<u>667,854</u>	<u>-</u>	<u>-</u>	<u>949,072</u>	<u>667,854</u>
Total Revenues	<u>37,205,321</u>	<u>31,260,591</u>	<u>4,044,613</u>	<u>3,691,492</u>	<u>41,249,934</u>	<u>34,952,083</u>
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	6,028,279	6,169,567	-	-	6,028,279	6,169,567
Community Development	658,989	536,564	-	-	658,989	536,564
Public Safety	4,792,423	4,372,460	-	-	4,792,423	4,372,460
Public Works and Utilities	9,094,216	8,481,110	-	-	9,094,216	8,481,110
Recreation	2,196,340	1,917,182	-	-	2,196,340	1,917,182
Mobility	88,266	84,167	-	-	88,266	84,167
Interest on Long-term Debt	380,278	412,275	-	-	380,278	412,275
Business-type Activities:						
Mobility	-	-	2,926,168	2,465,889	2,926,168	2,465,889
Fleet Maintenance	<u>-</u>	<u>-</u>	<u>1,849,994</u>	<u>1,637,288</u>	<u>1,849,994</u>	<u>1,637,288</u>
Total Expenses	<u>23,238,791</u>	<u>21,973,325</u>	<u>4,776,162</u>	<u>4,103,177</u>	<u>28,014,953</u>	<u>26,076,502</u>
Excess (Deficiency) Before Contributions and Transfers	13,966,530	9,287,266	(731,549)	(411,685)	12,234,981	8,875,581
Transfers	<u>(2,676,567)</u>	<u>(2,093,460)</u>	<u>2,676,567</u>	<u>2,093,460</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	11,289,963	7,193,806	1,945,018	1,681,775	13,234,981	8,875,581
Net Position, Beginning of Year (Restated)	<u>98,133,797</u>	<u>90,938,445</u>	<u>12,896,439</u>	<u>11,214,664</u>	<u>111,030,236</u>	<u>102,153,109</u>
Net Position, Ending	<u>\$109,423,760</u>	<u>\$ 98,132,251</u>	<u>\$14,841,457</u>	<u>\$12,896,439</u>	<u>\$ 124,265,217</u>	<u>\$111,028,690</u>

Expenses and Program Revenues – Governmental Activities



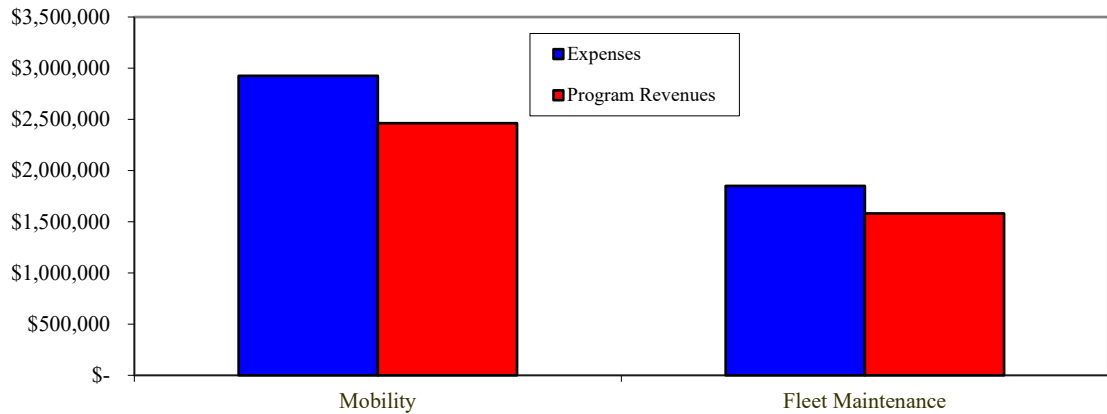
Revenues by Source – Governmental Activities



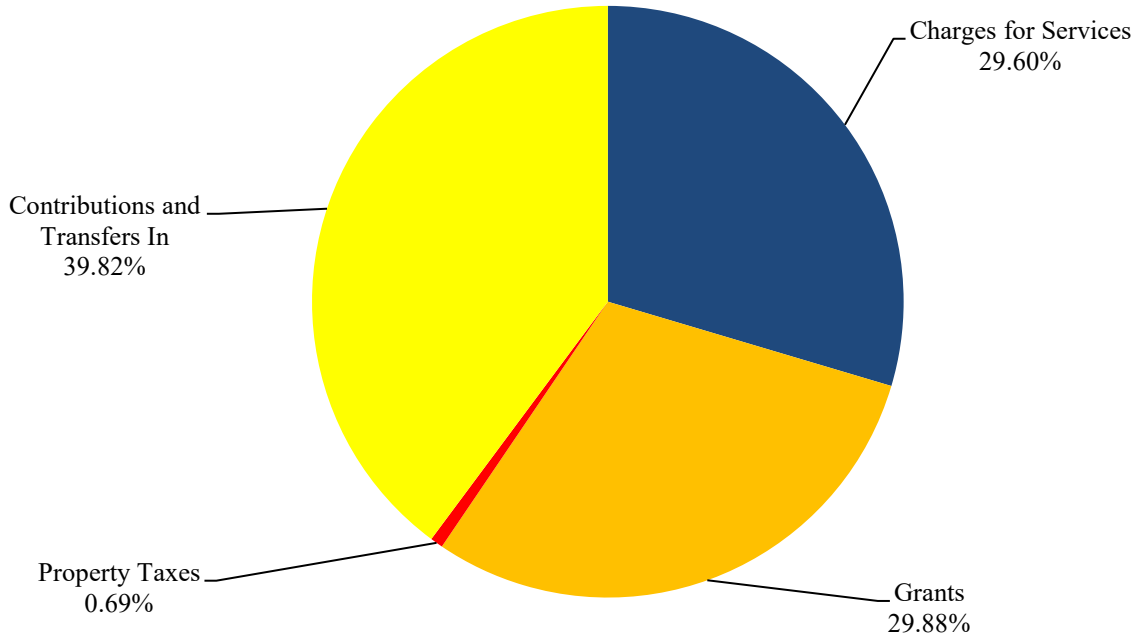
Business-type activities.

Net position of business-type activities increased by \$1,945,018 in 2022. The key element of this increase was the receipt of \$2.008 million in capital and operating grant funds in the Mobility Enterprise Fund.

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, 2022 and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	2022 Amount	Percent of Total	2021 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$29,181,578	79.81%	\$26,967,254	\$ 2,214,324	8.21%
Licenses and Permits	1,636,380	4.47%	461,647	1,174,733	254.47%
Intergovernmental	1,403,174	3.84%	1,205,054	198,120	16.44%
Charges for Services	2,974,983	8.14%	1,742,352	1,232,631	70.75%
Fines and Forfeitures	28,191	0.08%	45,753	(17,562)	(38.38%)
Investment Earnings	415,982	1.14%	(8,035)	424,017	52.77%
Other Revenues	<u>920,665</u>	<u>2.52%</u>	<u>669,460</u>	<u>251,205</u>	37.52%
Total	<u>\$36,560,953</u>	<u>100.00%</u>	<u>\$31,083,485</u>	<u>\$ 5,477,468</u>	

Tax revenues increased by \$2,214,324 from the prior year. Property tax collections increased \$109,447. Assessed values increased slightly from \$228,369,310 in 2021 to \$234,872,120 in 2022. The general operating mill rate for the Town remained the same at 8.956 mills. Property tax increment revenues from the Avon Urban Renewal Authority increased by \$3,816,410 from the prior year due. Sales taxes increased by \$1,643,139 or 14.2% from the previous year and accommodation taxes increased by \$282,179 or 12.75%. A new short-term rental tax of 2% was

levied beginning January 1, 2022. Total collections were \$1,122,696. 2022 was the fourth year for the levy and collection of cigarette and tobacco taxes. Cigarette taxes, which are based on a \$3 excise tax per pack sold, were down 4.2% from the prior year, or \$10,774. Tobacco taxes, which are levied at a tax rate of 40%, increased by \$47,286 or 15.68%. The Town also collects a 2% tax from all transfers of real property within the Town. These revenues are dedicated solely for capital improvement projects. Real estate transfer tax collections decreased by 1,382,994 or 18.81% in 2022 after having risen by 22.95% in 2021. The five-year average for real estate transfer taxes is now over \$5.589 million per year.

License and permit revenues increased by \$1,174,733 from the previous year. Construction permit values increased by \$165,984,352 in total from the prior year with commercial permits valued at \$34,500,000 and residential construction valued at \$164,909,400. Building permit fees increased by \$912,451 due to several large construction projects, while other all other licenses remained fairly stable from the previous year.

Intergovernmental revenues increased in 2022 by \$198,120. This increase was due primarily to an increase of \$122,244 in Eagle County sales tax collections that are rebated to the Town.

Charges for services increased \$1,232,631 due primarily to an increase in plan check fees of \$594,434 from several construction projects as mentioned above, and from recreation-related fee increases of \$354,452.

Investment earnings increased in 2022 by \$424,017 to regular increases in interest rates by the federal reserve and much higher yields through-out the year.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2022 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>2021 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:					
General Government	\$ 6,807,714	24.73%	\$ 6,081,429	\$ 726,285	11.94%
Community Development	653,294	2.37%	551,138	102,156	18.54%
Public Safety	5,044,825	18.33%	4,169,397	875,428	21.00%
Public Works and Utilities	6,084,870	22.10%	4,612,171	1,472,699	31.93%
Parks and Recreation	2,018,510	7.33%	1,622,206	396,304	24.43%
Capital Improvements	5,153,940	18.72%	4,542,239	611,701	13.47%
Debt Service:					
Principal	1,386,616	5.04%	1,387,925	(1,309)	(0.09%)
Interest	371,833	1.35%	403,078	(31,245)	(7.75%)
Fiscal Charges	<u>7,946</u>	<u>0.03%</u>	<u>9,351</u>	<u>(1,405)</u>	<u>(15.03%)</u>
Total	<u>\$27,529,548</u>	<u>100.00%</u>	<u>\$23,378,934</u>	<u>\$ 4,150,614</u>	

Overall, total governmental fund expenditures increased by a net amount of \$4,150,614 in 2022. Many of the significant cuts that had been made the previous year were ultimately not necessary and many budget line items were returned for the 2022 budget. Personnel cost highlights include

a merit-based overall salary cost increase of 5.5% at January 1 and a market rate salary range increase of 5% on July 1 at an estimated cost of \$610,000. For 2022, new full-time positions included a grant administrator, a special events coordinator. Other new positions included a public works operator, and a public works director.

Capital improvement projects completed during the 2022 year included utility upgrades at the Old Town Hall site, Nottingham Pavilion deck railing and floor repair, Avon Recreation Center locker replacement, the Nottingham Park West Courts reconstruction, and the Avon Road / I70 Overpass Aesthetic Improvements. In addition, a total of twenty-one projects were included in Construction in Progress at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$37,939,007, an increase of \$6,982,286 from the prior year. Of this total, \$4,743,590 is restricted due to external limitations on its use such as legal restrictions, or intention of grantors, donors, or trustees. A total of \$13,984,777 has been committed or assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, community housing, and for other purposes. The remaining \$19,210,640 is unassigned and can be used for any lawful purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$19,210,640, while total fund balance is \$20,311,855. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 90.1% of total fund expenditures and other financing uses, while total fund balance represents 95.3% of that same amount.

The fund balance of the General Fund increased by \$5,744,294, or 39.4%, in 2022. This increase is due primarily to the large increases in taxes, licenses and permits, and charges for services realized in 2022 compared to the prior year.

The fund balance of the General Fund represents 84.4% of 2023 General Fund appropriations or the equivalent of almost 10 months of operations. The Town has felt it necessary to retain this level of fund balance because of its heavy reliance on sales tax revenues. The Town's position as a resort community also places a heavy reliance upon several other factors including weather, the national economy, and tourism in general. The Town's fund balance provides the resources necessary to be more adaptable to the short-term financial environment and limits the need for capital financing.

Avon Urban Renewal Fund. At the end of the current fiscal year, the Avon Urban Renewal Fund had an ending fund balance of \$177,047. This amount is restricted for use for urban renewal projects within the Town Center West Urban Renewal Plan Area. The fund transferred \$1,000,000 to the Capital Projects Fund to be used for Tract G projects in the future. Fund balances increased by \$81,771 in 2022 due to lower interest rate costs on tax increment revenue bonds from the bond refinancing in 2020.

Debt Service Fund. The Debt Service Fund has a fund balance at the end of the fiscal year of \$35,942, all of which is assigned for the payment of debt service. Fund balances decreased by \$491 in 2022 due to a small increase in fiscal paying agent fees.

Capital Projects Fund. The Capital Project Fund has an ending fund balance at the end of the fiscal year of \$14,018,774, an increase of \$304,454 from the prior year. Restricted fund balances represent escrowed monies for future asphalt repairs pursuant to a lawsuit settlement in the amount of \$450,230. The remaining amount of \$13,568,544 is committed entirely to capital improvement projects.

Non-major Funds. The aggregate non-major funds have a combined fund balance of \$3,395,389. The net increase in fund balance during the current fiscal year in the aggregate non-major funds was \$852,258. This increase was due to receipts of community enhancement funds, water tap fees, short-term rental taxes, and exterior energy offset fees that remained largely unspent by the end of the fiscal year.

General Fund Budgetary Highlights

Salary Cost Increases: In 2022 the Town transitioned from a step salary system to merit-based salary increases which will follow annual performance evaluations. The Town shifted performance evaluations from the anniversary of an employee’s hiring date to a unified schedule in the fall. This common schedule allows for training of directors and supervisors to conduct performance evaluations and the ability to include the cost of salary increase recommendations into the budget before final adoption in December of each year. Generally, the range will be 0-4 percent with the ability to consider increases above 4%.

The 2022 budget provided for a merit-based salary increase of 5.5% in order to establish an adequate budget for salary adjustments. In addition, a mid-year salary survey was performed in order to adjust salary ranges based on comparative market data. An additional 5% salary adjustment was provided for in order to remain competitive due to lagging behind the Town's peer communities in ending the COVID-19 based salary freezes.

Training: Training expenses across all departments was increased. An Employee Pulse Survey in early 2021 indicated a desire for more training. The Town supports and believes in training and considers it essential to maintain best skills and expose employees to perspectives and ideas beyond our local region.

Equipment Replacement Fund. Staff has sought to eliminate “hold-over” vehicles wherever possible and formalize departmental vehicle need policies. The updating of fleet purchases includes requirements to consider vehicles which reduce greenhouse gas emissions. Hybrid vehicles and electric vehicles are budgeted for purchase in 2022 and 2023.

Capital Assets and Debt Administration

Capital assets. The Town of Avon’s investment in capital assets for its governmental and business-type activities as of December, 31, 2022, amounts to \$92,129,411 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, public art, water rights, deed restrictions, construction in progress, buildings, utilities, machinery and equipment, infrastructure, and right-to-use assets (see table below). The total increase in the Town’s investment in capital assets for the current fiscal year was 4.63% (a 3% increase for governmental activities and a 14.1% increase for business-type activities).

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

- Governmental-type asset additions totaled \$11,078,132 in 2022. Business-type additions totaled \$2,534,186.
- Seventeen projects began the year under Construction-in-Progress. Eleven projects were added during the year. Eight of these projects were completed and capitalized at a total cost of \$3,902,675. The ending balance at December 31, 2022 was \$2,272,933.
- Capital improvement projects began and completed during the 2022 year included Avon Regional Transit Facility roof improvements, ADA parking at the Avon Recreation Center, bus shelters, Millie’s Lane Asphalt overlay, and the purchase of an employee rental unit at the Metcalf Lofts.
- In Business-type activities, two electric buses and related chargers and equipment were purchased in the Mobility Fund at a cost of \$1,964,982. Mobile column lifts in the amount of \$49,975 and a Toyota Highlander in the amount of \$38,017 were purchased in the Fleet Maintenance Fund.
- In the Equipment Replacement Fund a total of \$1,007,673 in equipment was capitalized including \$346,307 in new various vehicles, \$22,201 for surveillance NVR server consolidation and replacement, \$12,070 installation of a mini-split in the IT telecommunications room, \$195,114 in IT networking equipment, \$226,395 for EV charging stations, \$48,564 in public safety equipment, \$34,300 in Avon PD in-car laptops.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 11,953,790	\$ 11,449,801	\$ 411,834	\$ 411,834	\$12,365,624	\$11,861,635
Public Art	1,361,400	1,361,400	-	-	1,361,400	1,361,400
Water Rights	1,792,959	1,792,959	-	-	1,792,959	1,792,959
Deed Restrictions	2,476,250	1,311,990	-	-	2,476,250	1,311,990
Construction in Progress	2,272,933	2,373,187	-	-	2,272,933	2,373,187
Depreciable Land Improv.	297,343	313,062	-	-	297,343	313,062
Buildings	17,081,957	16,246,110	10,734,476	10,675,086	27,816,433	26,921,196
Utilities	2,242,461	2,472,872	-	-	2,242,461	2,472,872
Mach. & Equip.	3,474,771	3,160,004	3,384,417	1,647,795	6,859,188	4,807,799
Infrastructure	34,401,541	34,689,687	-	-	34,401,541	34,689,687
Right-to-use Leased Assets	243,279	150,360	-	-	243,279	150,360
Total (Restated)	\$77,598,684	\$75,321,432	\$14,530,727	\$12,734,715	\$92,129,411	\$88,056,147

Additional information on the Town of Avon’s capital assets can be found in Note 4 on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Avon had total long-term debt outstanding in the amount of \$15,846,945. Certificates of Participation which evidence assignments of proportionate interests in the right to receive payments pursuant to annually renewable lease agreements total \$10,484,000. The remainder of the Town’s debt, \$5,362,945 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue Bonds	\$ 4,743,299	\$ 5,362,945	\$ -	\$ -	\$ 4,743,299	\$ 5,362,945
Certificates of Participation	<u>8,114,000</u>	<u>8,829,000</u>	<u>1,480,000</u>	<u>1,655,000</u>	<u>9,594,000</u>	<u>10,484,000</u>
Total	<u>\$12,857,299</u>	<u>\$14,191,945</u>	<u>\$ 1,480,000</u>	<u>\$ 1,655,000</u>	<u>\$14,337,299</u>	<u>\$15,846,945</u>

Regular principal payments were made on bonded debt of \$1,509,646. No other new debt was issued in 2021.

The Avon Town Charter limits the amount of general obligation debt the Town may issue to 25% of assessed valuation of all taxable property within the Town, or \$15 million, whichever is greater. The current legal debt margin for the Town is \$58,718,030. The Town has no outstanding general obligation bonds outstanding as of December 31, 2022. In addition, the Town’s total debt per capita is \$2,463. Additional information on the Town’s long-term debt can be found in Note 5 on pages 48-21 of this report.

Economic Factors and Next Year’s Budget and Rates

2023 Budget Highlights

Salary Increases: The Town has transitioned from a step salary system to merit-based salary increases with annual performance evaluations. Performance evaluations are now given in a unified basis in late fall. This common schedule allows for training of directors and supervisors to conduct performance evaluations and the ability to include the cost of salary increase recommendations into the budget before final adoption in December of each year. The 2023 budget provides for an average 6% merit-based salary increase. Actual salary increases are determined on an individual basis based on the individual performance evaluation. The percentage increase is an overall budgetary amount that is estimated to cover the cumulative cost of all salary increases, not an indication of individual salary increases.

Personnel Changes: Town Council supported new positions in 2023 that would increase staff resources in the following areas:

- **Recreation Program Supervisor and Aquatics Coordinator:** These positions have been added in response to service demand and impacts related to increased visitations at the Avon Recreation Center.

- **Building and Facilities Technician:** This position has been added in response to supporting a proactive building and facility maintenance plan. This position will improve the capacity of the division to perform building maintenance activities in a timelier manner as well as improve the capacity for long-term facility maintenance planning.
- **Building Inspector:** This position has been added in response to the increase of large project building permits and plan reviews being submitted to the Town.
- **Long Range Planner:** This position has been budgeted to begin mid-year subject to a 1st quarter Council review. The long-range planner will be dedicated to assisting the formation and implementation of the Downtown Development Authority, creating, and updating plans for redevelopment of Sun Road and East Avon, facilitating planning at the Village (at Avon), assisting with Community Housing planning, and assisting with planning related to lands adjacent to and surrounding Avon.
- **GIS Manager:** A GIS Manager will enable the Town of Avon to capture, store, verify, manage, and display any data related to locations (spatial information) in Avon. The GIS manager will be responsible for maintaining the base mapping data for Avon, entering will data collection for all departments, and retrieving and presenting data when desired in a variety of formats.

Special Events. Council’s focus for 2023 is to focus on community events that will attract more modest attendance, as well as rethink new proposed events that might conflict with other events offered during those timeframes. The Summer’s End Labor Day concert and the Heart and Soul Festival have been eliminated for 2023. A winter fireworks event has been added at an estimated cost of \$88,900. Town staff will continue to work with CASE and Town Council to develop a strategic plan that provides for event programing that is robust, provides community and economic benefits and meets budgetary constraints.

Downtown Development Authority: A Downtown Development Authority (“**DDA**”) is similar to an Urban Renewal Authority, with the primary benefit of authorizing tax increment financing within the DDA area. Tax increment financing is the ability to retain the increased property taxes generated from new development which would otherwise go to Town of Avon, Eagle County, Eagle County School District, and other taxing jurisdictions in the Town of Avon. DDAs are allowed to impose tax increment financing for 30 years with the ability to extend for an additional 20 years. The formation of a DDA and imposition of tax increment financing does not require consent or approval of other taxing entities like an Urban Renewal Authority (changes in Urban Renewal Authority law in 2015 requires other taxing entities to agree to revenue sharing or submit to mediation).

Capital Improvements: The Capital Improvements Plan presents the projects staff believes is appropriate for maintenance of existing infrastructure and implementing projects identified by Council. The CIP fund balance for the next three years is very healthy with at least \$3 million. Avon’s policy is to keep at least \$1 million in the CIP fund balance, so that leaves \$2 million not yet designated for Capital Projects. Avon also has \$9 million in the General Fund as an unrestricted reserve balance. This is also the primary reason for considering the establishment of the Downtown Development Authority because additional revenues would be needed just to meet a portion of the capital improvement needs identified above.

GENERAL FUND: General Fund appropriated expenditures (\$25,552,248) are estimated to exceed estimated revenues (\$24,788,612) by \$763,636. This deficit is caused primarily by the carryover of appropriated capital outlay expenditures of approximately \$846,000 for fleet vehicles that have been ordered but will not be received until 2023. Estimated beginning-of-year fund balances are \$17,404,663 and end-of-year fund balances are projected at \$16,641,027. The Town's budgetary policies require setting aside fund balance reserves of 27% of expenditures for operations and 3% for TABOR emergencies.

General Fund Revenues: Total tax revenues for 2023 are projected to be flat for 2023. This is primarily due to concerns regarding the national and local economies. Licenses and permits are budgeted to decline back to normal levels for 2023 after an increase of \$946,275 in building permits in 2022. Similarly, plan check fees that are reported under charges for services are estimated to also decline back to normal levels for 2023 after an increase of \$614,796 in 2022. Intergovernmental revenues are projected to decrease by \$61,442 due primarily to the expiration of certain state and federal grants. Net of the reduction of plan check fees, charges for services is projected to grow by \$96,564, primarily due to continued growth in Avon Recreation Center admissions and programs.

General Fund Expenditures: 2023 personnel cost highlights include a merit-based overall salary cost increase of 6% at January 1. As discussed above, new, full-time positions include recreation program supervisor and aquatics coordinator, a buildings and facilities technician, building inspector, ½ year long-range planner, and GIS manager. Overall personnel costs in the General Fund are budgeted to increase by 11.74% with full-time salaries and wages are increasing by 10.71% over the final revised 2020 budget. In addition to personnel, there are several one-time fleet purchases included in the 2023 budget that have been carried over from the 2022 budget totaling over \$846,000 including a Vactor truck (\$456,915) in Roads and Bridges.

General Fund Reserves: Reserves remain stable in the 2023 budget with a 3% Emergency Reserve required by TABOR (\$980,080); a 27% Minimum Operating Reserve per Budget Policies (\$6,899,107), and a remaining Undesignated amount (\$8,761,840), which results in a total fund balance of \$16,641,027, a 29% increase from the original 2022 budget.

Requests for Information

This financial report is designed to provide a general overview of the Town of Avon's finances for all those with an interest in the Town's fiscal management. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Avon, Colorado, PO Box 975, Avon, CO 81620.

Scott Wright

Scott Wright, CPA, CPFO
Finance Director

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 25,065,056	\$ 1,173,774	\$ 26,238,830
Investments	17,202,951	-	17,202,951
Receivables	9,550,486	436,635	9,987,121
Internal Balances	100,000	(100,000)	-
Prepaid Expenses	2,773	168,174	170,947
Inventory	-	529,201	529,201
Restricted Assets - Cash and Cash Equivalents	450,230	-	450,230
Capital Assets Not Being Depreciated/Amortized	19,857,332	411,834	20,269,166
Capital Assets, Net of Accumulated Depreciation / Amortization	57,741,352	14,118,893	71,860,245
Total Assets	129,970,180	16,738,511	146,708,691
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charge on Refunding of Debt	111,858	14,317	126,175
LIABILITIES			
Accounts Payable	774,884	143,151	918,035
Accrued Liabilities	347,777	61,416	409,193
Retainages Payable	18,818	-	18,818
Accrued Interest Payable	28,259	1,517	29,776
Deposits and Reserves	1,792,052	-	1,792,052
Unearned Revenues	1,636,538	-	1,636,538
Noncurrent Liabilities:			
Due Within One Year	2,047,277	278,196	2,325,473
Due In More Than One Year	11,930,246	1,381,088	13,311,334
Total Liabilities	18,575,851	1,865,368	20,441,219
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	2,082,427	46,003	2,128,430
NET POSITION			
Net Investment in Capital Assets	64,269,372	12,946,887	77,216,259
Restricted For:			
Emergencies	1,101,215	-	1,101,215
Capital Improvements	450,230	-	450,230
Urban Renewal	177,047	-	177,047
Purposes of Grantors	3,015,098	-	3,015,098
Unrestricted	40,410,798	1,894,570	42,305,368
Total Net Position	\$ 109,423,760	\$ 14,841,457	\$ 124,265,217

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

TOWN OF AVON, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 6,028,279	\$ 358,198	\$ 15,167	\$ -
Community Development	658,989	2,213,641	21,235	-
Public Safety	4,792,423	30,279	81,220	2,135
Public Works and Utilities	9,094,216	524,886	-	45,000
Recreation	2,196,340	1,587,555	65,294	-
Mobility	88,266	-	-	-
Interest and Fiscal Charges on Long-term Debt	380,278	-	-	-
Total Governmental Activities	23,238,791	4,714,559	182,916	47,135
Business-type Activities:				
Mobility	2,926,168	407,101	431,912	1,576,477
Fleet Maintenance	1,849,994	1,582,416	-	-
Total Business-type Activities	4,776,162	1,989,517	431,912	1,576,477
Total Primary Government	\$ 28,014,953	\$ 6,704,076	\$ 614,828	\$ 1,623,612

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

Total General Revenues and Transfers

Increase (Decrease) in Net Position

Net Position - Beginning of Year (Restated)

Net Position - End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (5,654,914)	\$ -	\$ (5,654,914)
1,575,887	-	1,575,887
(4,678,789)	-	(4,678,789)
(8,524,330)	-	(8,524,330)
(543,491)	-	(543,491)
(88,266)	-	(88,266)
(380,278)	-	(380,278)
<u>(18,294,181)</u>	<u>-</u>	<u>(18,294,181)</u>
-	(510,678)	(510,678)
-	(267,578)	(267,578)
-	(778,256)	(778,256)
<u>(18,294,181)</u>	<u>(778,256)</u>	<u>(19,072,437)</u>
3,996,579	46,707	4,043,286
5,971,192	-	5,971,192
16,868,418	-	16,868,418
2,345,389	-	2,345,389
452,949	-	452,949
1,677,112	-	1,677,112
949,072	-	949,072
(2,676,567)	2,676,567	-
<u>29,584,144</u>	<u>2,723,274</u>	<u>32,307,418</u>
11,289,963	1,945,018	13,234,981
<u>98,133,797</u>	<u>12,896,439</u>	<u>111,030,236</u>
<u>\$ 109,423,760</u>	<u>\$ 14,841,457</u>	<u>\$ 124,265,217</u>

TOWN OF AVON, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2022

	General Fund	Avon Urban Renewal Fund	Debt Service Fund	Capital Projects Fund
ASSETS				
Cash and Cash Equivalents	\$ 12,471,838	\$ 174,796	\$ 35,942	\$ 8,075,123
Investments	6,994,444	-	-	7,171,370
Receivables:				
- Interest	10,640	-	-	4,705
- Taxes	5,368,068	293	-	177,354
- Accounts	5,776	-	-	-
- Intergovernmental	62,976	1,958	-	-
- Employees	5,902	-	-	-
Deferred Expense	273	-	-	-
Due from Other Funds	100,000	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	-	-	450,230
Total Assets	\$ 25,019,917	\$ 177,047	\$ 35,942	\$ 15,878,782
LIABILITIES				
Accounts Payable	\$ 487,929	\$ -	\$ -	\$ 204,652
Accrued Liabilities	346,954	-	-	-
Retainages Payable	-	-	-	18,818
Unearned Revenue	-	-	-	1,636,538
Deposits and Reserves	1,790,752	-	-	-
Total Liabilities	2,625,635	-	-	1,860,008
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	2,082,427	-	-	-
Total Deferred Inflows of Resources	2,082,427	-	-	-
FUND BALANCES				
Restricted For:				
Emergencies	1,101,215	-	-	-
Water Projects	-	-	-	-
Community Enhancement	-	-	-	-
Community Housing	-	-	-	-
Capital Improvements	-	-	-	450,230
Urban Renewal Projects	-	177,047	-	-
Committed For:				
Capital Improvements	-	-	-	13,568,544
Exterior Energy Offset Programs	-	-	-	-
Waste Reduction Programs	-	-	-	-
Assigned For:				
Debt Service	-	-	35,942	-
Unassigned	19,210,640	-	-	-
Total Fund Balances	20,311,855	177,047	35,942	14,018,774
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 25,019,917	\$ 177,047	\$ 35,942	\$ 15,878,782

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

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Other Governmental Funds	Total		
\$ 3,085,443	\$ 23,843,142	Total Governmental Fund Balances	\$ 37,939,007
-	14,165,814		
-	15,345	<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
-	5,545,715	Capital assets used in governmental activities are not financial resources and therefore are not reported as an asset in the governmental funds.	
115,754	121,530	- Capital assets	150,813,761
261,051	325,985	- Accumulated depreciation / amortization	(76,689,847)
-	5,902		74,123,914
-	273		
-	100,000	Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
-	450,230	- Tax Increment Revenue Bonds payable	(4,743,299)
\$ 3,462,248	\$ 44,573,936	- Certificates of Participation payable	(8,114,000)
		- Lease liability	(232,686)
\$ 64,736	\$ 757,317	- Unamortized bond premium	(224,735)
823	347,777	- Compensated absences payable	(555,171)
-	18,818		(13,869,891)
-	1,636,538	Long-term receivables which are not available to pay for current period expenditures and are not reported in the governmental funds.	
1,300	1,792,052		3,522,309
66,859	4,552,502	Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the funds.	
		- Deferred Charge on Refunding of Debt	111,858
-	2,082,427	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.	
-	2,082,427		(28,259)
		The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	
-	1,101,215		7,624,822
1,008,884	1,008,884	Net Position of Governmental Activities	\$ 109,423,760
377,774	377,774		
1,628,440	1,628,440		
-	450,230		
-	177,047		
-	13,568,544		
212,282	212,282		
168,009	168,009		
-	35,942		
-	19,210,640		
3,395,389	37,939,007		
\$ 3,462,248	\$ 44,573,936		

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Avon Urban Renewal Fund	Debt Service Fund	Capital Projects Fund
Revenues				
Taxes	\$ 20,200,558	\$ 1,887,132	\$ -	\$ 5,971,192
Licenses and Permits	1,506,396	-	-	-
Intergovernmental	1,336,939	-	-	45,000
Charges for Services	2,449,476	-	-	-
Fines and Forfeitures	28,191	-	-	-
Investment Earnings	429,856	767	904	(15,545)
Other Revenues	483,236	-	-	249,212
Total Revenues	26,434,652	1,887,899	904	6,249,859
Expenditures				
Current:				
General Government	5,570,978	56,556	-	-
Community Development	626,354	-	-	-
Public Safety	5,044,825	-	-	-
Public Works and Utilities	5,923,946	-	-	-
Recreation	2,018,510	-	-	-
Capital Improvements	-	-	-	4,812,416
Debt Service:				
Principal	-	619,647	715,000	51,969
Interest	-	129,525	238,557	3,751
Fiscal Charges	-	400	7,546	-
Total Expenditures	19,184,613	806,128	961,103	4,868,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,250,039	1,081,771	(960,199)	1,381,723
Other Financing Sources (Uses)				
Lease Proceeds	134,662	-	-	-
Transfers In	494,593	-	959,708	1,570,088
Transfers Out	(2,135,000)	(1,000,000)	-	(2,647,357)
Total Other Financing Sources (Uses)	(1,505,745)	(1,000,000)	959,708	(1,077,269)
Net Change in Fund Balances	5,744,294	81,771	(491)	304,454
Fund Balances, Beginning of Year	14,567,561	95,276	36,433	13,714,320
Fund Balances, End of year	\$ 20,311,855	\$ 177,047	\$ 35,942	\$ 14,018,774

**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, 2022**

Other Governmental Funds	Total
\$ 1,122,696	\$ 29,181,578
129,984	1,636,380
21,235	1,403,174
525,507	2,974,983
-	28,191
-	415,982
188,217	920,665
<u>1,987,639</u>	<u>36,560,953</u>
1,180,180	6,807,714
26,940	653,294
-	5,044,825
160,924	6,084,870
-	2,018,510
341,524	5,153,940
-	1,386,616
-	371,833
-	7,946
<u>1,709,568</u>	<u>27,529,548</u>
278,071	9,031,405
-	134,662
597,699	3,622,088
(23,512)	(5,805,869)
<u>574,187</u>	<u>(2,049,119)</u>
852,258	6,982,286
<u>2,543,131</u>	<u>30,956,721</u>
<u>\$ 3,395,389</u>	<u>\$ 37,939,007</u>

Net change in fund balances - Total Governmental Funds \$ 6,982,286

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

- Capital outlay	6,167,785
- Depreciation / Amortization	<u>(4,205,298)</u>
	<u>1,962,487</u>

Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.

- Change in compensated absences payable	(58,570)
- Change in accrued interest payable on outstanding bonds	2,514
- Amortization of bond premium	14,151
- Amortization of deferred charge on refunding	<u>(16,002)</u>
	<u>(57,907)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

- Proceeds from Lease Issuances	(134,662)
- Repayment of Tax Increment Revenue Bonds	619,646
- Repayment of Certificates of Participation	715,000
- Repayment of Lease liability	<u>50,790</u>
	<u>1,250,774</u>

The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual funds. The decrease in net position of the internal service fund is included in governmental activities.

1,152,323

Change in Net Position of Governmental Activities

\$ 11,289,963

TOWN OF AVON, COLORADO

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Mobility Fund	Fleet Maintenance Fund	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,161,771	\$ 12,003	\$ 1,173,774	\$ 1,221,914
Investments	-	-	-	3,037,137
Receivables:				
- Taxes	46,003	-	46,003	-
- Accounts	-	-	-	13,700
- Intergovernmental	130,359	260,273	390,632	-
Due from Other Funds	50,000	-	50,000	-
Deferred Expense	168,174	-	168,174	2,500
Inventory	-	529,201	529,201	-
Total Current Assets	1,556,307	801,477	2,357,784	4,275,251
Noncurrent Assets:				
Capital Assets:				
- Land	281,450	130,384	411,834	-
- Buildings	11,720,946	5,639,286	17,360,232	-
- Machinery and Equipment	5,966,241	353,921	6,320,162	7,945,365
- Accumulated Depreciation	(5,868,306)	(3,693,195)	(9,561,501)	(4,470,595)
Total Noncurrent Assets	12,100,331	2,430,396	14,530,727	3,474,770
Total Assets	13,656,638	3,231,873	16,888,511	7,750,021
DEFERRED OUTFLOW OF RESOURCES				
Deferred Charge on Refunding of Debt	-	14,317	14,317	-
Total Deferred Outflow of Resources	-	14,317	14,317	-

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Mobility Fund	Fleet Maintenance Fund	Totals	
LIABILITIES				
Current Liabilities:				
Accounts Payable	66,862	76,289	143,151	17,567
Accrued Liabilities	37,004	24,412	61,416	-
Accrued Interest Payable	-	1,517	1,517	-
Compensated Absences Payable	24,068	37,059	61,127	-
Due to Other Funds	-	150,000	150,000	-
Certificates of Participation - Current	-	179,000	179,000	-
Capital Leases Payable - Current	38,069	-	38,069	53,191
Total Current Liabilities	166,003	468,277	634,280	70,758
Noncurrent Liabilities:				
Certificates of Participation	-	1,301,000	1,301,000	-
Capital Leases Payable	80,088	-	80,088	54,441
Total Noncurrent Liabilities	80,088	1,301,000	1,381,088	54,441
Total Liabilities	246,091	1,769,277	2,015,368	125,199
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	46,003	-	46,003	-
Total Deferred Inflows of Resources	46,003	-	46,003	-
NET POSITION				
Net Investment in Capital Assets	11,982,174	964,713	12,946,887	3,367,138
Unrestricted	1,382,370	512,200	1,894,570	4,257,684
Total Net Position	\$ 13,364,544	\$ 1,476,913	\$ 14,841,457	\$ 7,624,822

TOWN OF AVON, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Mobility Fund	Fleet Maintenance Fund	Totals	
Operating Revenues:				
Charges for Services	\$ 223,064	\$ 1,556,425	\$ 1,779,489	\$ 1,131,958
Other Operating Revenues	184,037	25,991	210,028	28,407
Total Operating Revenues	407,101	1,582,416	1,989,517	1,160,365
Operating Expenses:				
Cost of Operations	2,322,285	1,688,889	4,011,174	5,802
Depreciation and Amortization	598,939	139,235	738,174	659,597
Total Operating Expenses	2,921,224	1,828,124	4,749,348	665,399
Operating Income (Loss)	(2,514,123)	(245,708)	(2,759,831)	494,966
Nonoperating Revenues (Expenses):				
Taxes	46,707	-	46,707	-
Operating Grants	431,912	-	431,912	-
Capital Grants	1,576,477	-	1,576,477	-
Investment Earnings	-	-	-	36,967
Gain (Loss) on Disposal of Capital Assets	-	-	-	51,156
Interest Expense	(4,944)	(21,870)	(26,814)	-
Total Nonoperating Revenues (Expenses)	2,050,152	(21,870)	2,028,282	88,123
Income (Loss) Before Contributions and Transfers	(463,971)	(267,578)	(731,549)	583,089
Capital Contributions and Transfers				
Contributed Capital In (Out)	481,210	-	481,210	580,810
Transfers In (Out)	1,700,000	495,357	2,195,357	(11,576)
Total Capital Contributions and Transfers	2,181,210	495,357	2,676,567	569,234
Change in Net Position	1,717,239	227,779	1,945,018	1,152,323
Net Position, Beginning of Year	11,647,305	1,249,134	12,896,439	6,472,499
Net Position, End of Year	\$ 13,364,544	\$ 1,476,913	\$ 14,841,457	\$ 7,624,822

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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF AVON, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Mobility Fund	Fleet Maintenance Fund	Totals	
Cash Flows From Operating Activities				
Cash Received from Customers and Users	\$ 208,322	\$ 849,751	\$ 1,058,073	\$ -
Cash Received from Interfund Services Provided	-	634,755	634,755	1,131,958
Cash Payments to Suppliers	(848,186)	(907,422)	(1,755,608)	(5,802)
Cash Payments to Employees	(1,166,935)	(875,055)	(2,041,990)	-
Cash Payments for Interfund Services Used	(261,946)	(23,215)	(285,161)	-
Other Operating Revenues	184,037	25,991	210,028	28,407
Net Cash Provided by (Used in) Operating Activities	(1,884,708)	(295,195)	(2,179,903)	1,154,563
Cash Flows From Noncapital Financing Activities				
Taxes Received	46,707	-	46,707	-
Grants Received	2,779,709	-	2,779,709	-
Net Borrowings (To) From Other Funds	(50,000)	50,000	-	-
Transfers In (Out) from Other Funds	1,700,000	495,357	2,195,357	(11,576)
Net Cash Provided by Noncapital Financing Activities	4,476,416	545,357	5,021,773	(11,576)
Cash Flows From Capital Financing Activities				
Acquisition and Construction of Capital Assets	(1,964,982)	(87,993)	(2,052,975)	(468,630)
Sales of Capital Assets	-	-	-	70,767
Interest Paid on Long-term Debt	(4,944)	(20,356)	(25,300)	-
Principal Paid on Long-term Debt	(36,811)	(175,000)	(211,811)	-
Net Cash Used in Capital Financing Activities	(2,006,737)	(283,349)	(2,290,086)	(397,863)
Cash Flows From Investing Activities				
Acquisition of Investment Securities	-	-	-	(3,037,137)
Investment Earnings	-	-	-	36,967
Net Cash Used in Investing Activities	-	-	-	(3,000,170)
Net Increase (Decrease) in Cash and Cash Equivalents	584,971	(33,187)	551,784	(2,255,046)
Cash and Cash Equivalents, Beginning of Year	576,800	45,190	621,990	3,476,960
Cash and Cash Equivalents, End of Year	\$ 1,161,771	\$ 12,003	\$ 1,173,774	\$ 1,221,914

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Transit Fund	Fleet Maintenance Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ (2,514,123)</u>	<u>\$ (245,708)</u>	<u>\$ (2,759,831)</u>	<u>\$ 494,966</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	598,939	139,235	738,174	659,597
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(14,742)	-	(14,742)	-
(Increase) Decrease in Intergov. Receivable	-	(71,919)	(71,919)	-
(Increase) Decrease in Deferred Expense	27,162	-	27,162	-
(Increase) Decrease in Inventory	-	(51,726)	(51,726)	-
Increase (Decrease) in Accounts Payable	53,494	(72,931)	(19,437)	-
Increase (Decrease) in Accrued Liabilities	(2,479)	4,951	2,472	-
Increase (Decrease) in Compensated Absences	(32,959)	2,903	(30,056)	-
Total Adjustments	<u>629,415</u>	<u>(49,487)</u>	<u>579,928</u>	<u>659,597</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (1,884,708)</u></u>	<u><u>\$ (295,195)</u></u>	<u><u>\$ (2,179,903)</u></u>	<u><u>\$ 1,154,563</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Noncash Transactions Affecting Financial Position				
Contributions of Capital Assets from				
Governmental Activities	\$ 481,210	\$ -	\$ 481,210	\$ 213,610
Contributions of Capital Assets to				
Governmental Activities	-	-	-	(528,841)
Capital Assets Disposed	-	-	-	(33,311)
Principal on Capital Leases Paid from				
Governmental Activities	-	-	-	51,970
	<u>\$ 481,210</u>	<u>\$ -</u>	<u>\$ 481,210</u>	<u>\$ (296,572)</u>

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

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 Annual Financial Report.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

The Town’s blended component units are –

Avon Urban Renewal Authority – The Avon Urban Renewal Authority (AURA) was created pursuant to Urban Renewal Law of the State of Colorado on June 26, 2007 by Town Resolution No. 07-20 for the purpose of undertaking certain urban renewal activities within the Town. The boundaries of the AURA are coterminous with the boundaries of the Town. The bylaws of the AURA provide that the members of the Avon Town Council shall constitute the Commissioners of the AURA and the Town Manager serves as the Executive Director and Secretary. While the AURA is a separate legal entity, for financial reporting purposes it is blended with the Town’s financial statements and is reported in a special revenue fund as a blended component unit. The Town has a “moral obligation” for the repayment of urban renewal authority bonds. The Town accounts for the collection of tax increment property tax revenues and maintains all accounting records. A separate budget is adopted by the AURA Commissioners.

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the Town. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a 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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

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

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

The Town's major governmental funds are:

- *General Fund* – This is the Town's primary operating fund. It is used to account for all activities of the Town not required to be accounted for in some other fund.
- *Avon Urban Renewal Fund* – This fund is used to account for the receipt of tax increment revenues and the activities of redevelopment that are undertaken by the Avon Urban Renewal Authority, including issuing debt and constructing public improvements.
- *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:

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

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

D. Budget Information

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

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

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

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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Restricted Assets. Restricted assets in the amount of \$450,230 are reported in the Capital Projects Fund. This consists of an escrow account with FirstBank for accumulating funds for asphalt overlay in the Village at Avon pursuant to the Town's lawsuit settlement agreement with Traer Creek Metropolitan District and the developer.

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

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

Land, public art, water rights, deed restrictions and construction in progress are not depreciated/amortized. Infrastructure consists of streets and roads, bridges, storm drainage, water rights and storage, heat recovery system, irrigation ditches, bike paths, and public parking. The costs of normal maintenance and repair that do not add to the value of the asset or extend the estimated useful life are not capitalized but charged to operations as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	10-50 years
Utilities	10-50 years
Machinery and Equipment	3-15 years
Infrastructure	10-100 years
Right-to-Use Leased Assets	3-6 years

Deferred Outflow/Inflows of Resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods that will not be recognized as an outflow of the resources (expenditure) until the future period. At the end of the current fiscal year, the Town had a deferred outflow of resources for unamortized deferred refunding losses. In the government-wide and proprietary funds statement of net position *deferred charge on refunding of debt* is the result of the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding bonds.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods that will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category: unavailable revenue. *Unavailable revenue* is reported in the government-wide and proprietary fund statement of net position and in the governmental funds balance sheet. The Town reports *unavailable revenue* from one source: property taxes: *unavailable revenue – property taxes* is reported in the government-wide and proprietary funds statement of net position and in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources are presented below the total assets on the government-wide, proprietary, and governmental fund statements. Deferred inflows of resources are presented below the total liabilities on the government-wide, proprietary, and governmental fund statements.

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

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

F. Property Taxes

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

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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

G. Compensated Absences

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

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

H. Fund Equity

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. In Avon's case this is an ordinance adopted by the Town Council. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority. As a general rule, assigned fund balances are established through the budget adoption process by the Town Council.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following

order: restricted, committed, assigned, and unassigned as they are needed. The Town considers all unassigned fund balances to be “reserves” for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

I. Statements of Cash Flows

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

J. Debt Costs

Unamortized premiums of \$224,735 are reflected in noncurrent liabilities. Premiums are amortized over the remaining lives of the related debt issues using the effective interest method.

Note 2. Legal Compliance – Budgets

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

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

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented at a lower-than-required level of control to facilitate detailed financial analysis. No fund expenditures exceeded budgeted appropriations during 2022.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 3. Cash and Investments

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ 26,238,830
Investments	17,202,951
Restricted Assets - Cash and Cash Equivalents	<u>450,230</u>
Total	<u>\$ 43,892,011</u>

Cash and investments as of December 31, 2022 consist of the following:

Cash on Hand	\$ 4,925
Demand Deposits	2,408,098
Other Deposits with Financial Institutions	450,230
Local Government Investment Pools	36,986,732
Investments	<u>4,042,026</u>
Total	<u>\$ 43,892,011</u>

Investments Authorized by the Town of Avon Investment Policy

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

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

Fair Value of Investments

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

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

At December 31, 2022, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government Treasury Securities	\$ 3,552,349	\$ 3,552,349	\$ -	\$ -
Federal Instrumentality Securities	489,677	489,677	-	-
Colostrust Edge	<u>13,160,927</u>	<u>13,160,927</u>	-	-
Total	<u>\$17,202,953</u>	<u>\$17,202,953</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colostrust Plus	<u>\$23,825,805</u>

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

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

At December 31, 2022 unrealized losses were \$230,623 which reflects changes in the fair market value of investments.

Interest Rate Risk

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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

		Weighted Average Maturity <u>(in Years)</u>
U.S. Government Treasury Notes	\$ 3,552,349	1.51
U.S. Government Agency Securities:		
Federal Home Loan Mortgage Corp.	489,677	0.48
Colotrust Edge	<u>13,160,927</u>	NA
 Total	 <u>\$ 17,202,953</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. Presented below is the minimum rating, as required by the Town's investment policy, for investments of the Town as of December 31, 2022.

<u>Ratings</u> <u>Standard & Poor's</u>	<u>Investment</u>
AAAm	Colotrust
AA+	US Treasury
AA+	Government National Mortgage Assoc.
AA+	Federal Farm Credit Bank
AA+	Federal Home Loan Bank
AA+	Federal Home Loan Mortgage Corporation
AA+	Federal National Mortgage Corporation

Concentration of Credit Risk

Except for 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 direct investments in commercial paper at December 31, 2022.

The Town did not have any investments in any one issuer (other than U.S. Treasury obligations and local government investment pools) that represented 5% or more of total Town investments.

Custodial Credit Risk

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

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the Town being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA. The carrying amount of the Town's demand deposits was \$2,408,109 at year end.

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

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. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts.

The Town of Avon invests its surplus funds in the Colorado Local Government Liquid Asset Trust's Colotrust Plus+ and Colotrust Edge funds. The Plus+ fund may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The Plus+ fund is a stable \$1.00 net asset value (NAV) fund that offers daily liquidity. At December 31, 2022, the Town's investment in Colotrust Plus+ was 58.07% of

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

the Town's investment portfolio. The Edge fund is an enhanced cash, variable rate NAV fund that is managed to approximate a \$10.00 per share and offers weekly liquidity. As of December 31, 2022, the Town's investment in Colotrust Edge was 32.08% of the Town's investment portfolio.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land and Land Improvements	\$ 11,449,801	\$ 503,989	\$ -	\$ 11,953,790
Public Art	1,361,400	-	-	1,361,400
Water Rights	1,792,959	-	-	1,792,959
Deed Restrictions	1,311,990	1,164,260	-	2,476,250
Construction in Progress	<u>2,373,187</u>	<u>3,802,421</u>	<u>(3,902,675)</u>	<u>2,272,933</u>
 Total Capital Assets, Not Being Depreciated/Amortized	 <u>18,289,337</u>	 <u>5,470,670</u>	 <u>(3,902,675)</u>	 <u>19,857,332</u>
Capital Assets, Being Depreciated/Amortized:				
Depreciable Land Improvements	505,242	-	-	505,242
Buildings	27,737,028	1,857,458	(101,588)	29,492,898
Utilities	4,823,613	-	-	4,823,613
Machinery and Equipment	7,399,771	1,007,673	(462,079)	7,945,365
Infrastructure	93,215,738	2,607,669	-	95,823,407
Right-to-use Leased Assets	<u>176,606</u>	<u>134,662</u>	<u>-</u>	<u>311,268</u>
 Total Capital Assets, Being Depreciated/ Amortized	 <u>133,857,998</u>	 <u>5,607,462</u>	 <u>(563,667)</u>	 <u>138,901,793</u>
Less Accumulated Depreciation/Amortization:				
Depreciable Land Improvements	(192,180)	(15,719)	-	(207,899)
Buildings	(11,490,918)	(1,021,611)	101,588	(12,410,941)
Utilities	(2,350,741)	(230,411)	-	(2,581,152)
Machinery and Equipment	(4,239,767)	(659,596)	428,769	(4,470,594)
Infrastructure	(58,526,051)	(2,895,815)	-	(61,421,866)
Right-to-use Lease Assets	<u>(26,246)</u>	<u>(41,743)</u>	<u>-</u>	<u>(67,989)</u>
 Total Accumulated Depreciation/Amortization	 <u>(76,825,903)</u>	 <u>(4,864,895)</u>	 <u>530,357</u>	 <u>(81,160,441)</u>
 Total Capital Assets, Being Depreciated/Amortized, Net	 <u>57,032,095</u>	 <u>742,567</u>	 <u>(33,310)</u>	 <u>57,741,352</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 75,321,432</u>	 <u>\$ 6,213,237</u>	 <u>\$ (3,935,985)</u>	 <u>\$ 77,598,684</u>

Business-type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 411,834	\$ -	\$ -	\$ 411,834
Total Capital Assets, Not Being Depreciated	411,834	-	-	411,834
Capital Assets, Being Depreciated:				
Buildings	16,879,022	481,210	-	17,360,232
Machinery and Equipment	4,332,059	2,052,976	(64,873)	6,320,162
Total Capital Assets, Being Depreciated	21,211,081	2,534,186	(64,873)	23,680,394
Less Accumulated Depreciation:				
Buildings and Facilities	(6,203,936)	(421,820)	-	(6,625,756)
Machinery and Equipment	(2,684,264)	(316,354)	64,873	(2,935,745)
Total Accumulated Depreciation	(8,888,200)	(738,174)	64,873	(9,561,501)
Total Capital Assets, Being Depreciated, Net	12,322,881	1,796,012	-	14,118,893
Business-type Activities Capital Assets, Net	\$ 12,734,715	\$ 1,796,012	\$ -	\$ 14,530,727

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

Governmental Activities:	
General Government	\$ 508,843
Community Development	3,100
Public Safety	389,100
Public Works and Utilities, including general infrastructure assets	3,439,848
Recreation	435,738
Mobility	88,266
Total Depreciation/Amortization Expense – Governmental Activities	<u>\$ 4,864,895</u>
Business-type Activities:	
Transportation	\$598,939
Fleet Maintenance	139,235
Total Depreciation Expense – Business-type Activities	<u>\$ 738,174</u>

Note 6. Leases

Operating Leases. The Town is lessee for noncancellable leases of various equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Town determines the following:

- **Discount Rate:** The Town uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the Town uses its incremental rate of borrowing.
- **Lease Term:** The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain to exercise.
- **Lease Payments:** Lease payments included in the measurement of the lease liability are composed of fixed payments along with purchase options that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

During the year ended December 31, 2022, the Town entered into a long-term lease agreement as the lessee for the acquisition and use of equipment. As a result of the implementation of the GASB Statement No. 87, Leases, the Town now reports this as lease liabilities. As of December 31, 2022, the value of the lease liabilities was \$232,686. The Town is required to make annual principal and interest payments ranging from \$22,000 to \$32,112. The lease has an interest rate of 0.686%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$311,268 and had accumulated amortization of \$67,989. The future principal and interest payments as of December 31, 2022, were as follows:

Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 56,349	\$ 3,491
2024	57,193	2,648
2025	58,054	1,787
2026	<u>61,090</u>	<u>910</u>
Total	<u>\$ 232,686</u>	<u>\$ 8,836</u>

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

- Lease obligation for equipment with a total cost of \$355,818 and a book value net of accumulated depreciation at December 31, 2022 of \$220,886. Due in seven annual installments of \$55,720 through November 2024. Amortization is based on an interest rate of 2.35%. The Town may terminate the lease by paying the applicable purchase option on any scheduled payment. Balance at December 31, 2022 is \$107,632.
- Lease obligation for equipment with a total cost of \$258,258 and a book value net of accumulated depreciation at December 31, 2022 of \$208,926. Due in fourteen semi-annual installments of \$20,877 through August 2025. Amortization is based on an interest rate of 3.39%. The Town may terminate the lease by paying the applicable purchase option on any scheduled payment. Balance at December 31, 2022 is \$118,157.

Annual debt service requirements to maturity for Capital Lease Obligations outstanding at December 31, 2022, are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 53,191	\$ 2,529	\$ 38,069	\$ 3,686
2024	54,441	1,279	39,371	2,384
2025	-	-	40,716	1,038
Total	<u>\$ 107,632</u>	<u>\$ 3,808</u>	<u>\$ 118,157</u>	<u>\$ 7,108</u>

Note 6. Long-term Debt

Revenue Bonds and Loans – Avon Urban Renewal Authority. In 2013, the Avon Urban Renewal Authority issued Series 2013 Tax Increment Revenue Bonds to refinance outstanding obligations of the Authority and to finance certain capital improvements.

In 2017, the Avon Urban Renewal Authority issued Series 2017 Tax Increment Revenue Bonds to finance tenant improvements related to the future occupancy of a new Town Hall.

In 2020, the Avon Urban Renewal Authority issued its Series 2020 Tax Increment Revenue Refunding Loan in the amount of \$4,111,000 with an interest rate of 2.11%. This loan along with the release of the Series 2013 debt service reserve of \$628,240 was used to refund the outstanding Series 2013 Tax Increment Revenue Bonds in the aggregate principal amount of \$4,560,000. The refunding resulted in an economic gain of \$176,403 with a cash flow savings of \$883,089.

The 2017 Bonds and the 2020 Loan constitute a pledge of, and an irrevocable first lien (but not an exclusive first lien), on all pledged revenues. Pledged revenues include the portion of

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

the ad valorem proprietary taxes produced by the levies at the rates fixed each year by the governing bodies of the various taxing jurisdictions within the Urban Renewal Project Area. The levies are assessed upon that portion of the valuation for assessment of all taxable property in excess of a defined property tax base amount. The pledged revenues are reduced by a) any County collection fee (b) tax increment revenues required to be remitted by the Authority to the Confluence Metropolitan District pursuant to the Avon Station/Confluence IGA; and (c) ad valorem property taxes produced by a mill levy of any special district formed after May 28, 2009. Revenue bonds and loans outstanding at December 31, 2022, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Avon Urban Renewal Authority	2.11% - 2.90%	<u>\$ 4,743,299</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2022, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Avon Urban Renewal Authority</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 634,175	\$ 114,861
2024	648,867	99,843
2025	664,728	84,466
2026	679,762	68,705
2027	965,975	52,575
2028-2031	<u>1,419,793</u>	<u>72,878</u>
Total	<u>\$ 4,743,299</u>	<u>\$ 493,327</u>

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

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

On May 3, 2016, the Town held a special election concerning the financing for a joint public safety facility in partnership with the Eagle River Fire Protection District. The election was successful and on August 2, 2016, the Town issued \$6,300,000 of Series 2016 Certificates of Participation with interest rates of 2% to 4%. The Certificates evidence a proportionate interest in the base rentals and other revenues under an annually renewable lease purchase agreement dated as of August 2, 2016, between UMB Bank, N.A., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Avon, as lessee.

On September 2, 2020, the Town issued \$3,983,000 of Series 2020 Certificates of Participation with an interest rate of 1.23%. These Certificates, along with the release of the Series 2010 debt service reserve of \$508,700 were used to refund the outstanding 2010 Certificates of Participation in the aggregate principal amount of \$4,300,000. The refunding resulted in an economic gain of \$640,454 with a cash flow savings of \$1,227,703. The Certificates evidence a proportionate interest in the base rentals and other revenues under an annually renewable lease purchase agreement dated as of September 2, 2020, between UMB Bank, solely in its capacity as trustee under the Indenture, as lessor, and the Town of Avon, as lessee.

Certificates of Participation outstanding at December 31, 2022, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Refunding and Capital	1.23% - 4.0%	<u>\$9,769,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2022, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 734,000	\$ 222,992	\$ 179,000	\$ 18,204
2024	748,000	203,973	177,000	16,002
2025	770,000	184,605	180,000	13,825
2026	784,000	167,720	184,000	11,611
2027	802,000	150,534	187,000	9,348
2028-2032	3,021,000	408,844	573,000	14,145
2033-2035	<u>1,255,000</u>	<u>76,050</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,114,000</u>	<u>\$ 1,414,718</u>	<u>\$ 1,655,000</u>	<u>\$ 103,492</u>

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance, <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
Revenue Bonds	\$ 5,362,945	\$ -	\$ 619,646	\$ 4,743,299	\$ 634,175
Certificates of Participation	<u>8,829,000</u>	<u>-</u>	<u>715,000</u>	<u>8,114,000</u>	<u>734,000</u>
	14,191,945	-	1,334,646	12,857,299	1,368,175
Bond Premium	<u>238,886</u>	<u>-</u>	<u>14,151</u>	<u>224,735</u>	<u>14,391</u>
Total Bonds Payable	14,430,831	-	1,348,797	13,082,034	1,382,566
Lease Liabilities	148,814	134,662	50,790	232,686	56,349
Capitalized Leases Payable	159,601	-	51,969	107,632	53,191
Compensated Absences	<u>496,601</u>	<u>903,443</u>	<u>844,873</u>	<u>555,171</u>	<u>555,171</u>
Governmental Activity Long-term Liabilities	<u>\$15,235,847</u>	<u>\$ 1,038,105</u>	<u>\$ 2,296,429</u>	<u>\$13,977,523</u>	<u>\$ 2,047,277</u>
Business-type Activities:					
Certificates of Participation	<u>\$ 1,655,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 1,480,000</u>	<u>\$ 179,000</u>
Total Bonds Payable	1,655,000	-	175,000	1,480,000	179,000
Capitalized Leases Payable	154,967	-	36,810	118,157	38,069
Compensated Absences	<u>110,008</u>	<u>163,672</u>	<u>212,553</u>	<u>61,127</u>	<u>61,127</u>
Business-type Activity Long-term Liabilities	<u>\$ 1,919,975</u>	<u>\$ 163,672</u>	<u>\$ 424,363</u>	<u>\$ 1,659,284</u>	<u>\$ 278,196</u>

Conduit Debt Obligations. In prior years, the Town has sponsored the issuance of revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest.

Eaglebend Dowd Affordable Housing Corporation. The Eaglebend Dowd Affordable Housing Corporation (Dowd) was formed on March 24, 1998, to help provide 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.

In 2003, the Town approved the issuance by Dowd of \$9,520,000 in Series 2003 Refunding Revenue Bonds to defease the outstanding Series 1998A Revenue Bonds by placing the proceeds of the Series 2003 bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In August 2013, Dowd issued \$8,450,000 in Series 2013

Multifamily Housing Project Refunding Revenue Bonds to refund the Series 2003 Bonds. In November 2014, Dowd issued \$8,850,000 of Multifamily Housing Project Refunding Revenue Bonds, Series 2014A to refund and defease the Series 2013 bonds. In November, 2022 the Public Finance Authority (“PFA”) issued Series 2022 Refunding Revenue Bonds in the amount of \$13,000,000 to refund and defease all the outstanding Series 2014A Multifamily Refunding Revenue Bonds and Series 1998 B&C Subordinate Revenue Bonds, and the finance a portion of the costs to complete project improvements to the project. The bonds are special limited obligations of Dowd and are payable solely from payments made by Dowd pursuant to the financing agreement. The bond holders have a lien on the assets of the project. The bonds do not constitute an obligation or liability of the State of Colorado, the Town, or any other political subdivision of the State of Colorado.

Accordingly, the PFA issued Series 2022 Refunding Revenue Bonds do not constitute conduit debt of the Town, nor are the bonds reported as liabilities in the accompanying general purpose financial statements. As of December 31, 2022, the Town has no conduit debt obligations outstanding.

Defeased Debt. Certain other bonds previously issued by the Town have been defeased by the issuance of refunding bonds. As of December 31, 2022, there are no amounts outstanding on any refunded bonds.

Note 7. Employee Retirement Plans

Full-time Employees. The Town maintains two single-employer, defined contribution pension plans for full-time employees: (1) the Town of Avon Police Officers Money Purchase Pension Plan of which there are 30 participants, and (2) the Town of Avon General Employee Money Purchase Pension Plan of which there are 140 participants as of December 31, 2022. Plan administration and recordkeeping of these plans is provided by The Principal Financial Group.

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

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

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

Employees hired prior to September 30, 1990, become vested in accordance with a vesting schedule which is dependent on the type of employee and hire date. All employees hired after September 30, 1990, start partial vesting after two years of service and are fully vested after five years of service. In addition, if an employee reaches normal retirement age, dies, or becomes totally and permanently disabled his account becomes fully vested regardless of length of service. Forfeitures by employees who leave employment before being fully vested are applied, first, to offset administrative expenses of the plans, and second, to reduce matching employer contributions. Forfeitures totaling \$43,374 were used in 2022 for administrative expenses. No forfeitures were used to reduce matching employer contributions. Contributions made by employees and the Town for the three years ended December 31, 2022, are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employee Contributions	<u>\$ 883,828</u>	<u>\$ 792,164</u>	<u>\$ 784,962</u>
Town Contributions	<u>\$ 883,828</u>	<u>\$ 792,164</u>	<u>\$ 784,962</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 2022.

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. Plan administration and recordkeeping of this plans was transferred to The Principal Financial Group in November 2017. 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 made by plan members and the Town for the three years ended December 31, 2022, are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employees	<u>\$41,283</u>	<u>\$41,043</u>	<u>\$35,822</u>
Town	<u>\$35,001</u>	<u>\$35,359</u>	<u>\$30,137</u>

Both the Town and the covered employees each made the required 3.75% contributions to the plan. There are no liabilities for benefits beyond the Town's matching payments. As of December 31, 2022, there were 213 participants in this plan.

Note 8. 457 Deferred Compensation Plan

The Town offers its full-time employees an optional supplemental deferred compensation plan created in accordance with Internal Revenue Code Section 457. Plan administration and recordkeeping is provided by The Principal Financial Group. The 457 plan allows eligible participants the opportunity to accumulate additional retirement savings with certain tax advantages. Deposits into the 457 plan are not subject to state or federal income taxes at the time of deposit, and earnings on these deposits are deferred until withdrawn. As of December 31, 2022, there were 52 participants in the 457 plan.

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 \$40,000 and aggregate total yearly claims in excess of \$1,876,896. Settled benefit claims did not exceed the aggregate total yearly claims for 2022. As of December 31, 2022, the Town held reserves for future claims in the amount of \$1,125,972.

The following represents the changes in the claims reserve for the Town for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Claims Reserve for Future Claims, Beginning of Year	\$ 1,446,415	\$ 1,239,247
Current Year Deposits for Estimated Claims	1,441,715	1,594,487
Excess Stop Loss Refunds for Specific (Individual) Claims	304,443	213,156
Claim Payments	<u>(2,066,601)</u>	<u>(1,600,475)</u>
Claims Reserve for Future Claims, End of Year	<u>\$ 1,125,972</u>	<u>\$ 1,446,415</u>

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

Note 10. 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, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fleet Maintenance Fund	<u>\$ 100,000</u>

Interfund Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 494,593	\$ 2,135,000
Urban Renewal Authority Fund	-	1,000,000
Debt Service	959,708	-
Capital Projects Fund	1,570,088	2,647,357
Mobility Enterprise Fund	1,700,000	-
Fleet Maintenance Enterprise Fund	495,357	-
Equipment Replacement Fund	-	11,576
Other Funds:		
Water Fund	-	23,512
Community Housing	<u>597,699</u>	<u>-</u>
Total	<u>\$ 5,817,445</u>	<u>\$ 5,817,445</u>

During the year, capital assets purchased in 2022 related to governmental funds, with a book values of \$528,841 were transferred to the internal service fund. In addition, capital lease principal payments of \$51,970 were made on behalf of the internal service fund. No amounts were reported in the governmental funds as the amounts did not involve the transfer of financial resources. However, the internal service fund reported contributed capital in for the capital resources received.

Note 11. Commitments and Contingencies

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

Construction Contract Commitments. As of December 31, 2022, the Town had one construction contract commitment outstanding in the amount of \$12,096.

Intergovernmental Agreement. The Town has entered into an Intergovernmental Agreement (IGA) with the Eagle River Fire Protection District (Fire District) for the ownership, construction, operation, and maintenance of a joint fire-police station facility. The IGA

provides for many covenants and mutual agreements including the amendment and replacement of previous IGAs, conveyance of the real property interest, construction financing, waiver of building permit fees, construction, apportionment of costs, termination of existing leases, use and occupancy, and operation and maintenance of the joint public safety facility. The IGA continues in perpetuity until amended or terminated by either party.

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.

In November 1997, voters within the Town passed a ballot issue which permanently authorizes the Town, without an election, to act 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.

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, 2022 in the amount of \$1,101,215.

Town 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 12. 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 279 municipalities and special districts to provide property, general and automobile liability and

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

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 \$255,978 for 2022. The Town has not been informed of any excess losses that may have been incurred by the pool.

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

Note 13. Upper Eagle Regional Water Authority

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

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

The Authority also provides water services to the Cordillera and Bachelor Gulch developments through contracts with Members. The Authority was formed to make the best practicable use of the Members' joint resources in supplying water to the members and to further develop water resources and facilities in Eagle County. The Authority may not be terminated so long as bonds, notes or other obligations are outstanding, unless provision for full payment of such obligations has been made. At December 31, 2022, the Authority had debt with maturities through the year 2039.

The Town has a service contract with the Authority whereby the Authority provides and bills residents of the Town with water at a rate which is expected to cover its costs in providing water services and other functions. Such costs specifically include debt service requirements, depreciation, and operations and maintenance, including maintenance of the

Town’s water distribution system. As part of the agreement, the Town conveyed its water distributions facilities and leased its water rights, associated easements, and improvements to the Authority at no cost. In consideration, the Authority has agreed to maintain the associated improvements and to administer and protect the Town’s plan for augmentation and water decrees at no cost. During 2022, the Authority collected \$168,354 in water surcharges for the Town.

Note 14. Tax Abatements

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

<u>Development Area</u>	<u>Revenues Impacted</u>	<u>Governing Document</u>	<u>Amount</u>	<u>Requirements</u>
Village at Avon PUD	Sales Tax, Accommodation Tax, Real Estate Transfer Tax	Consolidated, Amended and Restated Annexation and Development Agreement	\$5,287,363	100% tax credit against sales, accommodations and real estate transfer taxes paid within the development area.
Riverfront PUD	Property Tax Increment	Intergovernmental Agreement	\$ 611,930	100% tax rebate of incremental property taxes received from Avon Station Metropolitan District, excluding Lot B.

Note 15. Major Taxpayers

For the year ended December 31, 2022 sixty percent (60%) of the Town’s sales tax revenues were received from the ten highest-paying companies.

Note 16. Restatement

Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

TOWN OF AVON, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

The Town has implemented GASB 87 effective for the fiscal year ended December 31, 2022. As such, the Town has restated the beginning balances of its capital assets and long-term debt for right-to-use assets and liabilities related to operating leases that existed prior to January, 1, 2022.

<u>Statement of Activities</u> <u>Governmental Activities</u>	
Net Position, Beginning of Year	\$ 98,132,251
Implementation of GASB 87	<u>1,546</u>
Net Position, Beginning of Year (Restated)	<u>\$ 98,133,797</u>

TOWN OF AVON, COLORADO

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

(BUDGETARY BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 18,469,729	19,742,180	\$ 20,200,558	\$ 458,378
Licenses and Permits	320,325	1,305,900	1,506,396	200,496
Intergovernmental	1,086,080	1,315,897	1,336,939	21,042
Charges for Services	1,423,493	2,293,525	2,449,476	155,951
Fines and Forfeitures	38,700	38,700	28,191	(10,509)
Investment Earnings	75,000	150,000	429,856	279,856
Other Revenues	503,500	458,500	483,236	24,736
Total Revenues	21,916,827	25,304,702	26,434,652	1,129,950
Expenditures				
Current:				
General Government	5,944,298	6,283,810	5,570,978	712,832
Community Development	703,454	731,491	626,354	105,137
Public Safety	4,834,501	4,901,129	5,044,825	(143,696)
Public Works	7,019,921	6,744,648	5,923,946	820,702
Recreation	2,097,618	2,166,115	2,018,510	147,605
Total Expenditures	20,599,792	20,827,193	19,184,613	1,642,580
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,317,035	4,477,509	7,250,039	2,772,530
Other Financing Sources (Uses)				
Lease Proceeds				
Transfers In:				
Capital Projects Fund	494,593	494,593	494,593	-
Transfers Out:				
Capital Projects Fund	-	(535,000)	(535,000)	-
Mobility Enterprise Fund	(1,300,000)	(1,300,000)	(1,300,000)	-
Fleet Maintenance Enterprise Fund	(300,000)	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	(1,105,407)	(1,640,407)	(1,505,745)	134,662
Net Change in Fund Balances	211,628	2,837,102	5,744,294	2,907,192
Fund Balances, Beginning of Year	12,664,061	14,567,561	14,567,561	-
Fund Balances, End of year	\$ 12,875,689	\$ 17,404,663	\$ 20,311,855	\$ 2,907,192

TOWN OF AVON, COLORADO

REQUIRED SUPPLEMENTAL INFORMATION AVON URBAN RENEWAL AUTHORITY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,835,895	\$ 1,839,922	\$ 1,887,132	\$ 47,210
Investment Earnings	-	-	767	767
Total Revenues	<u>1,835,895</u>	<u>1,839,922</u>	<u>1,887,899</u>	<u>47,977</u>
Expenditures				
Current:				
General Government	56,077	56,198	56,556	(358)
Debt Service:				
Principal	619,647	619,647	619,647	-
Interest	129,526	129,526	129,525	1
Fiscal Charges	900	900	400	500
Total Expenditures	<u>806,150</u>	<u>806,271</u>	<u>806,128</u>	<u>143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,029,745	1,033,651	1,081,771	48,120
Other Financing Sources (Uses)				
Transfers Out:				
Capital Project Fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net Change in Fund Balances	29,745	33,651	81,771	48,120
Fund Balances, Beginning of Year	<u>70,399</u>	<u>95,276</u>	<u>95,276</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 100,144</u>	<u>\$ 128,927</u>	<u>\$ 177,047</u>	<u>\$ 48,120</u>

TOWN OF AVON, COLORADO

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION DECEMBER 31, 2022

Note 1. Budgetary Information

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

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

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.

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.

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.

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

Exterior Energy Offset Fund – This fund is used to account for fees collected at building permit to create financial assistance, rebates, and incentives to promote energy efficient projects within the Town of Avon. Fees are established based on a formula using BTUs required for certain amenities over a 20-year period.

Disposable Paper Bag Fee Fund - This fund is used to account for fees received by the Town from retailers who are required to pay ten cents (\$0.10) for each disposable paper bag used during a retail purchase. Effective May 1, 2018 it became unlawful for retailers to provide plastic bags to customers at point of sale. The intent is to encourage the use of reusable bags. Fees are restricted for use to programs and education related to waste reduction, and for providing reusable bags to Town residents and guests.

TOWN OF AVON, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2022

	Special Revenue Funds			
	Water Fund	Community Enhancement Fund	Community Housing Fund	Exterior Energy Offset Fund
ASSETS				
Cash and Cash Equivalents	\$ 959,240	\$ 290,921	\$ 1,446,222	\$ 220,199
Receivables:				
- Accounts	-	87,665	21,235	-
- Intergovernmental	90,082	-	170,969	-
Total Assets	<u>\$ 1,049,322</u>	<u>\$ 378,586</u>	<u>\$ 1,638,426</u>	<u>\$ 220,199</u>
LIABILITIES				
Accounts Payable	\$ 39,615	\$ 812	\$ 8,686	\$ 7,917
Accrued Liabilities	823	-	-	-
Deposits and Reserves	-	-	1,300	-
Total Liabilities	<u>40,438</u>	<u>812</u>	<u>9,986</u>	<u>7,917</u>
FUND BALANCES				
Restricted For:				
Water Projects	1,008,884	-	-	-
Community Enhancement	-	377,774	-	-
Committed For:				
Exterior Energy Offset Programs	-	-	-	212,282
Waste Reduction Programs	-	-	-	-
Assigned For:				
Community Housing Programs	-	-	1,628,440	-
Total Fund Balances	<u>1,008,884</u>	<u>377,774</u>	<u>1,628,440</u>	<u>212,282</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,049,322</u>	<u>\$ 378,586</u>	<u>\$ 1,638,426</u>	<u>\$ 220,199</u>

Disposable Paper Bag Fee Fund	Total Nonmajor Governmental Funds
\$ 168,861	\$ 3,085,443
6,854	115,754
-	261,051
<u>\$ 175,715</u>	<u>\$ 3,462,248</u>
\$ 7,706	64,736
-	823
-	1,300
<u>7,706</u>	<u>66,859</u>
-	1,008,884
-	377,774
-	212,282
168,009	168,009
<u>-</u>	<u>1,628,440</u>
<u>168,009</u>	<u>3,395,389</u>
<u>\$ 175,715</u>	<u>\$ 3,462,248</u>

TOWN OF AVON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds			
	Community Enhancement Fund	Water Fund	Community Housing Fund	Exterior Energy Offset Fund
Revenues				
Taxes	\$ -	\$ -	\$ 1,122,696	\$ -
Licenses and Permits	-	-	-	129,984
Intergovernmental	-	-	21,235	-
Charges for Services	-	459,994	65,513	-
Other Revenues	87,665	-	28,235	-
Total Revenues	<u>87,665</u>	<u>459,994</u>	<u>1,237,679</u>	<u>129,984</u>
Expenditures				
Current:				
General Government	-	-	1,168,721	-
Community Development	-	-	-	26,940
Public Works and Utilities	11,312	149,612	-	-
Capital Improvements	-	-	341,524	-
Total Expenditures	<u>11,312</u>	<u>149,612</u>	<u>1,510,245</u>	<u>26,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,353</u>	<u>310,382</u>	<u>(272,566)</u>	<u>103,044</u>
Other Financing Sources (Uses):				
Transfers In:				
Capital Projects Fund	-	-	597,699	-
Transfers Out:				
Capital Projects Fund	-	(23,512)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(23,512)</u>	<u>597,699</u>	<u>-</u>
Net Change in Fund Balances	76,353	286,870	325,133	103,044
Fund Balances, Beginning of Year	<u>301,421</u>	<u>722,014</u>	<u>1,303,307</u>	<u>109,238</u>
Fund Balances, End of year	<u>\$ 377,774</u>	<u>\$ 1,008,884</u>	<u>\$ 1,628,440</u>	<u>\$ 212,282</u>

Disposable Paper Bag Fee Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,122,696
-	129,984
-	21,235
-	525,507
<u>72,317</u>	<u>188,217</u>
<u>72,317</u>	<u>1,987,639</u>
11,459	1,180,180
-	26,940
-	160,924
<u>-</u>	<u>341,524</u>
<u>11,459</u>	<u>1,709,568</u>
<u>60,858</u>	<u>278,071</u>
-	597,699
<u>-</u>	<u>(23,512)</u>
<u>-</u>	<u>574,187</u>
60,858	852,258
<u>107,151</u>	<u>2,543,131</u>
<u>\$ 168,009</u>	<u>\$ 3,395,389</u>

TOWN OF AVON, COLORADO

COMMUNITY ENHANCEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	\$ 80,000	\$ 80,000	\$ 87,665	\$ 7,665
Total Revenues	80,000	80,000	87,665	7,665
Expenditures				
Current:				
Public Works and Utilities	16,000	20,000	11,312	8,688
Total Expenditures	16,000	20,000	11,312	8,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,000	60,000	76,353	16,353
Other Financing Sources (Uses)				
Transfers Out:				
Capital Projects Fund	(120,000)	-	-	-
Net Change in Fund Balances	(56,000)	60,000	76,353	16,353
Fund Balances, Beginning of Year	298,973	301,421	301,421	-
Fund Balances, End of year	\$ 242,973	\$ 361,421	\$ 377,774	\$ 16,353

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for Services:				
Water Surcharges	\$ 160,000	\$ 160,000	\$ 168,353	\$ 8,353
Tap Fees	40,000	40,000	291,641	251,641
Total Charges for Services	200,000	200,000	459,994	259,994
Total Revenues	200,000	200,000	459,994	259,994
Expenditures				
Current:				
Public Works and Utilities	114,808	144,808	149,612	(4,804)
Total Expenditures	114,808	144,808	149,612	(4,804)
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,192	55,192	310,382	255,190
Other Financing Sources (Uses)				
Transfers Out:				
Capital Projects Fund	(62,500)	(62,500)	(23,512)	38,988
Net Change in Fund Balances	22,692	(7,308)	286,870	294,178
Fund Balances, Beginning of Year	707,301	722,014	722,014	-
Fund Balances, End of year	\$ 729,993	\$ 714,706	\$ 1,008,884	\$ 294,178

TOWN OF AVON, COLORADO

COMMUNITY HOUSING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Short-term Rental Tax	\$ 750,000	\$ 1,000,000	\$ 1,122,696	\$ 122,696
Intergovernmental:				
State Grants	-	25,000	21,235	(3,765)
Charges for Services:				
Rental Revenues - Employees	49,068	49,068	65,513	16,445
Other Revenues:				
Bond Issuance Fee	9,000	9,000	28,235	19,235
Total Revenues	808,068	1,083,068	1,237,679	154,611
Expenditures				
Current:				
General Government	1,200,000	1,442,569	1,168,721	273,848
Capital Improvements	-	368,740	341,524	27,216
Total Expenditures	1,200,000	1,811,309	1,510,245	301,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,932)	(728,241)	(272,566)	455,675
Other Financing Sources (Uses)				
Transfers In:				
Capital Projects Fund	597,699	597,699	597,699	-
Net Change in Fund Balances	205,767	(130,542)	325,133	455,675
Fund Balances, Beginning of Year	924,876	1,303,307	1,303,307	-
Fund Balances, End of year	\$ 1,130,643	\$ 1,172,765	\$ 1,628,440	\$ 455,675

TOWN OF AVON, COLORADO

EXTERIOR ENERGY OFFSET FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits:				
Exterior Energy Offset Fee	\$ 5,000	\$ 129,984	\$ 129,984	\$ -
Total Revenues	<u>5,000</u>	<u>129,984</u>	<u>129,984</u>	<u>-</u>
Expenditures				
Current:				
Community Development	13,000	41,000	26,940	14,060
Total Expenditures	<u>13,000</u>	<u>41,000</u>	<u>26,940</u>	<u>14,060</u>
Net Change in Fund Balances	(8,000)	88,984	103,044	14,060
Fund Balances, Beginning of Year	<u>104,804</u>	<u>109,238</u>	<u>109,238</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 96,804</u>	<u>\$ 198,222</u>	<u>\$ 212,282</u>	<u>\$ 14,060</u>

TOWN OF AVON, COLORADO

DISPOSABLE PAPER BAG FEE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other Revenues:				
Disposable Paper Bag Fee	\$ 44,000	\$ 55,000	\$ 72,317	\$ 17,317
Total Revenues	<u>44,000</u>	<u>55,000</u>	<u>72,317</u>	<u>17,317</u>
Expenditures				
Current:				
General Government	60,000	60,000	11,459	48,541
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>11,459</u>	<u>48,541</u>
Net Change in Fund Balances	(16,000)	(5,000)	60,858	65,858
Fund Balances, Beginning of Year	<u>78,130</u>	<u>107,151</u>	<u>107,151</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 62,130</u>	<u>\$ 102,151</u>	<u>\$ 168,009</u>	<u>\$ 65,858</u>

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 904	\$ 904
Other Revenues	-	-	-	-
Total Revenues	-	-	904	904
Expenditures				
Debt Service:				
Principal	\$ 715,000	\$ 715,000	\$ 715,000	\$ -
Interest	238,558	238,558	238,557	1
Fiscal Charges	6,150	7,650	7,546	104
Total Expenditures	959,708	961,208	961,103	105
Excess (Deficiency) of Revenues Over (Under) Expenditures	(959,708)	(961,208)	(960,199)	1,009
Other Financing Sources (Uses)				
Transfers In:				
Capital Projects Fund	959,708	959,708	959,708	-
Net Change in Fund Balances	-	(1,500)	(491)	1,009
Fund Balances, Beginning of Year	36,433	36,433	36,433	-
Fund Balances, End of year	\$ 36,433	\$ 34,933	\$ 35,942	\$ 1,009

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Real Estate Transfer Tax	\$ 3,300,000	\$ 6,000,000	\$ 5,971,192	\$ (28,808)
Intergovernmental	70,000	170,000	45,000	(125,000)
Investment Earnings	25,000	100,000	(15,545)	(115,545)
Other Revenues	-	250,000	249,212	(788)
Total Revenues	3,395,000	6,520,000	6,249,859	(270,141)
Expenditures				
Capital Projects:				
Facilities	1,585,000	3,602,760	2,117,461	1,485,299
Land and Land Improvements	1,777,000	2,274,875	1,465,506	809,369
Roads and Streets	1,890,000	1,869,589	848,579	1,021,010
Utility Projects	187,500	606,042	253,688	352,354
Planning and Consulting	100,000	100,000	31,544	68,456
Communications and Technology	145,939	359,993	95,638	264,355
Debt Service:				
Capital Leases	81,999	55,720	55,720	-
Total Expenditures	5,767,438	8,868,979	4,868,136	4,000,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,372,438)	(2,348,979)	1,381,723	3,730,702
Other Financing Sources (Uses)				
Transfers In:				
General Fund	-	535,000	535,000	-
Avon Urban Renewal Fund	1,000,000	1,000,000	1,000,000	-
Water Fund	62,500	62,500	23,512	(38,988)
Community Enhancement Fund	120,000	-	-	-
Equipment Replacement Fund	-	11,576	11,576	-
Transfers Out:				
General Fund	(494,593)	(494,593)	(494,593)	-
Community Housing Fund	(597,699)	(597,699)	(597,699)	-
Debt Service Fund	(959,708)	(959,708)	(959,708)	-
Mobility Fund	-	(400,000)	(400,000)	-
Fleet Maintenance Fund	(195,357)	(195,357)	(195,357)	-
Total Other Financing Sources (Uses)	(1,064,857)	(1,038,281)	(1,077,269)	(38,988)
Net Change in Fund Balances	(3,437,295)	(3,387,260)	304,454	3,691,714
Fund Balances, Beginning of Year	9,758,398	13,714,320	13,714,320	-
Fund Balances, End of Year	\$ 6,321,103	\$ 10,327,060	\$ 14,018,774	\$ 3,691,714

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.

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

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

TOWN OF AVON, COLORADO

MOBILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 46,004	\$ 46,004	\$ 46,707	\$ 703
Intergovernmental	2,802,907	1,942,000	2,008,389	66,389
Charges for Services	266,625	269,625	223,064	(46,561)
Other Revenue	151,489	191,617	184,037	(7,580)
Total Revenues	3,267,025	2,449,246	2,462,197	12,951
Expenditures:				
Administration	339,933	345,064	279,197	65,867
Operations	4,475,837	3,534,216	3,399,773	134,443
Wash Bay	192,336	192,996	159,159	33,837
Mobility Programs	546,472	527,295	490,893	36,402
Total Expenditures	5,554,578	4,599,571	4,329,022	270,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,287,553)	(2,150,325)	(1,866,825)	283,500
Other Financing Sources (Uses):				
Transfers In:				
General Fund	1,300,000	1,300,000	1,300,000	-
Capital Projects Fund	-	400,000	400,000	-
Total Other Financing Sources (Uses)	1,300,000	1,700,000	1,700,000	-
Net Change in Fund Balances	(987,553)	(450,325)	(166,825)	283,500
Fund Balances, Beginning of Year	1,376,640	1,549,195	1,549,195	-
Fund Balances, End of Year	\$ 389,087	\$ 1,098,870	\$ 1,382,370	\$ 283,500

Fund Balances at December 31, 2022, is computed as follows:

Current Assets	\$ 1,556,307
Less: Current Liabilities and Deferred Inflows of Resources	(212,006)
Add: Current Portion of Capital Leases Payable	38,069
Fund Balances - December 31, 2022	\$ 1,382,370

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

Net Change in Fund Balances (Budgetary Basis) \$ (166,825)

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

Principal Paid on Capital Leases	36,811
Capitization of Capital Assets	2,446,192
Depreciation	<u>(598,939)</u>

Total Adjustments 1,884,064

Change in Net Position (GAAP Basis) \$ 1,717,239

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Third-party Fleet Maintenance Charges	\$ 618,545	\$ 843,195	\$ 855,492	\$ 12,297
Departmental Fleet Maintenance Services	639,384	651,330	634,755	(16,575)
Fuel Mark-up	35,000	20,000	66,178	46,178
Other Revenues	-	1,890	25,991	24,101
Total Revenues	1,292,929	1,516,415	1,582,416	66,001
Expenditures:				
Fleet Maintenance	1,733,702	1,989,187	1,972,059	17,128
Total Expenditures	1,733,702	1,989,187	1,972,059	17,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,773)	(472,772)	(389,643)	83,129
Other Financing Sources (Uses):				
Transfers In:				
General Fund	300,000	300,000	300,000	-
Capital Projects Fund	195,357	195,357	195,357	-
Total Other Financing Sources (Uses)	495,357	495,357	495,357	-
Net Change in Fund Balances	54,584	22,585	105,714	83,129
Fund Balances, Beginning of Year	236,671	406,486	406,486	-
Fund Balances, End of Year	\$ 291,255	\$ 429,071	\$ 512,200	\$ 83,129

Fund Balances at December 31, 2022, is computed as follows:

Current Assets	\$ 801,477
Less: Current Liabilities	(468,277)
Add: Current Portion of Certificates of Participation	179,000
Fund Balances - December 31, 2022	\$ 512,200

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

Net Change in Fund Balances (Budgetary Basis) \$ 105,714

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

Principal Paid on Certificates of Participation	175,000
Capitization of Capital Assets	87,993
Amortization of Deferred Charge on Refunding of Debt	(1,693)
Depreciation	<u>(139,235)</u>
Total Adjustments	<u>122,065</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 227,779</u></u>

INTERNAL SERVICE FUNDS

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Equipment Replacement Charges	\$ 1,131,958	\$ 1,131,958	\$ 1,131,958	\$ -
Investment Earnings	-	30,000	36,967	6,967
Other Revenues	-	28,406	28,407	1
Total Revenues	1,131,958	1,190,364	1,197,332	6,968
Expenditures:				
Capital Outlay:				
Fleet and Heavy Equipment	414,862	231,042	231,042	-
Recreation Center Equipment & Improvements	37,399	34,251	19,256	14,995
Computer and Office Equipment	214,109	256,245	234,336	21,909
Machinery and Equipment	11,980	11,980	-	11,980
Heat Recovery	175,000	87,500	-	87,500
Total Expenditures	853,350	621,018	484,634	136,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	278,608	569,346	712,698	143,352
Other Financing Sources (Uses):				
Transfers Out:				
Capital Projects Fund	-	(11,576)	(11,576)	-
Sales of Capital Assets	75,000	75,000	84,467	9,467
Total Other Financing Sources (Uses)	75,000	63,424	72,891	9,467
Net Change in Fund Balances	353,608	632,770	785,589	152,819
Fund Balances, Beginning of Year	3,156,791	3,472,095	3,472,095	-
Fund Balances, End of Year	\$ 3,510,399	\$ 4,104,865	\$ 4,257,684	\$ 152,819

Fund Balances at December 31, 2022, is computed as follows:

Current Assets	\$ 4,275,251
Less: Current Liabilities	(70,758)
Add: Current Portion of Capital Leases Payable	53,191
Fund Balances - December 31, 2022	\$ 4,257,684

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 785,589</u>
Basis to GAAP Basis	
Capitalization of Capital Assets	478,831
Book Value of Capital Assets Disposed	(33,311)
Transfers In of Non-financial Resources	580,811
Transfers Out of Non-financial Resources	-
Depreciation	<u>(659,597)</u>
Total Adjustments	<u>366,734</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 1,152,323</u></u>

MISCELLANEOUS SCHEDULES

TOWN OF AVON, COLORADO

DEBT SCHEDULE DECEMBER 31, 2022

Purpose	Schedule of Indebtedness					Payments Due In 2023	
	Date Issued	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding	Principal	Interest
Revenue Bonds:							
Series 2017, Avon URA Tax Increment Revenue Bonds	1/5/17	2.90%	12/1/31	\$ 3,000,000	\$ 1,949,299	\$ 192,175	\$ 55,908
Series 2020, Avon URA Tax Increment Revenue Loan	5/1/20	2.11%	12/1/28	4,111,000	2,794,000	442,000	58,953
Total Revenue Bonds				<u>7,111,000</u>	<u>4,743,299</u>	<u>634,175</u>	<u>114,861</u>
Certificates of Participation:							
Series 2014B, Certificates of Participation	1/14/15	3.03%	12/1/29	3,800,000	1,980,000	260,000	59,994
Series 2016, Certificates of Participation	8/2/16	2.00%-4.00%	12/1/35	6,300,000	4,685,000	300,000	145,175
Series 2020, Refunding Certificates of Participation	9/2/20	1.23%	12/1/30	3,983,000	2,929,000	353,000	36,027
Total Certificates of Participation				<u>14,083,000</u>	<u>9,594,000</u>	<u>913,000</u>	<u>241,196</u>
Capital Lease Obligations							
Master Lease-Purchase, Clayton Holdings	10/5/17	2.35%	11/27/24	355,818	107,632	53,191	2,529
Master Lease-Purchase, Clayton Holdings	8/24/18	3.39%	8/24/25	258,258	118,157	38,069	3,686
Total Capital Lease Obligations				<u>614,076</u>	<u>225,789</u>	<u>91,260</u>	<u>6,215</u>
Total Long-term Debt				<u>\$ 21,808,076</u>	<u>\$ 14,563,088</u>	<u>\$ 1,638,435</u>	<u>\$ 362,272</u>

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Mayor and Town Council	\$ 306,106	\$ 317,529	\$ 285,730	\$ 31,799
Town Attorney	245,000	245,000	157,152	87,848
Town Clerk	144,770	145,660	32,795	112,865
Municipal Court	198,721	199,660	197,996	1,664
Administrative Services	615,576	777,334	693,984	83,350
Human Resources	712,897	724,523	736,673	(12,150)
Community Relations	321,996	327,295	265,490	61,805
Economic Development	200,998	205,998	159,981	46,017
Special Events	1,089,617	1,140,939	1,005,914	135,025
Community Grants	99,250	99,250	96,950	2,300
Sustainability	-	5,300	48	5,252
Subtotal General Government	3,934,931	4,188,488	3,632,713	555,775
Finance and Information Technology:				
Finance	1,009,195	1,084,528	996,007	88,521
Information Systems	577,324	589,564	519,605	69,959
Nondepartmental	422,848	421,230	422,653	(1,423)
Subtotal Finance and Administration	2,009,367	2,095,322	1,938,265	157,057
Total General Government, Finance and Administration	5,944,298	6,283,810	5,570,978	712,832
Community Development:				
Boards and Commissions	17,468	17,600	11,220	6,380
Planning	448,428	458,596	389,985	68,611
Building Inspection	237,558	255,295	225,149	30,146
Total Community Development	703,454	731,491	626,354	105,137
Public Safety: Police				
Administration	964,551	972,520	934,392	38,128
Patrol	3,546,465	3,601,829	3,789,079	(187,250)
Investigations	323,485	326,780	321,354	5,426
Total Public Safety	4,834,501	4,901,129	5,044,825	(143,696)

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works				
Administration	\$ -	\$ 27,188	\$ 10,467	\$ 16,721
Engineering	542,050	460,460	426,382	34,078
Roads and Bridges	3,823,758	3,417,979	2,977,882	440,097
Parks and Grounds	784,228	978,876	821,735	157,141
Buildings and Facilities	1,869,885	1,860,145	1,687,480	172,665
Total Public Works	7,019,921	6,744,648	5,923,946	820,702
Recreation:				
Administration	272,008	271,966	268,914	3,052
Adult Programs	24,054	24,197	28,379	(4,182)
Aquatics	722,216	742,345	629,877	112,468
Fitness	226,870	229,270	234,814	(5,544)
Guest Services	418,366	466,275	515,780	(49,505)
Youth Programs	239,123	232,376	136,042	96,334
Community Swim Program	194,981	199,686	204,704	(5,018)
Total Recreation	2,097,618	2,166,115	2,018,510	147,605
TOTAL EXPENDITURES	\$ 20,599,792	\$ 20,827,193	\$ 19,184,613	\$ 1,642,580

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 2,103,515	\$ 2,103,515	\$ 2,107,961	\$ 4,446
General Property Tax - Delinquent Collections	500	500	8	(492)
General Property Tax - Interest and Penalties	1,500	1,925	2,391	466
General Property Tax - Abatements	-	(913)	(913)	-
Specific Ownership Tax	130,000	130,000	130,201	201
Sales Tax	11,810,245	12,730,885	13,186,931	456,046
Utility Tax	120,000	120,000	139,370	19,370
Accommodations Tax	2,268,969	2,671,268	2,494,535	(176,733)
Penalties and Interest	50,000	35,000	59,338	24,338
Sales Tax Audit Assessments	100,000	10,000	4,918	(5,082)
VAA Retail Sales Fee	900,000	925,000	991,380	66,380
Cigarette Excise Tax	255,000	245,000	247,799	2,799
Tobacco Tax	300,000	330,000	348,917	18,917
Franchise Fees	430,000	440,000	487,722	47,722
Total Taxes	18,469,729	19,742,180	20,200,558	458,378
Licenses and Permits:				
Liquor Licenses	8,300	8,300	6,130	(2,170)
Business Licenses	95,000	95,000	177,400	82,400
Contractor's Licenses	18,625	18,625	21,270	2,645
Tobacco / Cigarette Retailers License	1,750	1,750	1,250	(500)
Booting/Towing Licenses	600	600	300	(300)
Building Permits	190,000	1,136,275	1,234,979	98,704
Road Cut Permits	5,700	45,000	64,892	19,892
Mobile Vendor Cart Permits	350	350	175	(175)
Total Licenses and Permits	320,325	1,305,900	1,506,396	200,496
Intergovernmental:				
<i>Federal:</i>				
Click It or Ticket	3,000	3,000	-	(3,000)
Bulletproof Vest Partnership Program	2,000	2,000	2,135	135
<i>State:</i>				
LEAF Grant	-	12,149	12,149	-
High Visibility Grants	20,000	20,000	19,820	(180)
Colorado POST Grants	20,000	37,626	34,397	(3,229)
DOLA Grants	-	-	15,167	15,167
Other State Grants	-	65,289	78,841	13,552
<i>Local Government/Other Agency</i>				
Other Local Grants	-	-	1,307	1,307

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Intergovernmental:				
<i>State/County Shared Revenue:</i>				
Conservation Trust	\$ 70,000	\$ 80,000	\$ 78,579	\$ (1,421)
Motor Vehicle Registration	24,800	26,000	26,063	63
Highway User's Tax	190,530	190,530	197,952	7,422
County Sales Tax	590,000	725,000	712,987	(12,013)
Road & Bridge Fund	165,000	151,903	155,135	3,232
State Severance Tax	750	2,400	2,407	7
Total Intergovernmental	1,086,080	1,315,897	1,336,939	21,042
Charges for Services:				
<i>General Government:</i>				
Photocopying Charges	100	100	-	(100)
License Hearing Fees	100	100	-	(100)
Other Fees and Charges	3,500	3,500	1,035	(2,465)
Credit Card and Paper Filing Fees	2,500	2,500	3,499	999
<i>Community Development:</i>				
Plan Check Fees	120,000	734,796	796,625	61,829
Design Review Fees	15,000	15,000	20,355	5,355
Animal Control Fees	150	150	-	(150)
Impact Fee Administrative Fees	1,500	1,500	10,428	8,928
<i>Public Safety:</i>				
Police Reports	1,000	1,000	798	(202)
Off-duty Police Employment	25,000	25,000	16,911	(8,089)
Fingerprinting Fees	500	500	930	430
VIN Inspection Fees	2,000	2,000	1,695	(305)
False Alarm Fees	75	75	25	(50)
National Night Out	1,500	-	-	-
DUI Reimbursement	15,000	15,000	9,620	(5,380)
<i>Avon Recreation Center:</i>				
Admission Fees	750,000	1,053,167	1,159,000	105,833
Program Fees	18,000	18,000	23,638	5,638
Facility Rentals	3,000	3,000	18,904	15,904
Merchandise Sales	4,596	4,596	6,012	1,416
Other Recreation Center Services	5,004	5,004	8,802	3,798
Fitness Program Revenues	30,000	30,000	46,093	16,093
Swim Team Revenue	77,593	77,593	47,877	(29,716)
Private Lessons	37,500	37,500	14,943	(22,557)

TOWN OF AVON, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges for Services:				
<i>General Recreation:</i>				
Adult Program Revenues	\$ 5,500	\$ 5,500	\$ 10,950	\$ 5,450
Cabin Equipment Rentals	60,000	60,000	35,976	(24,024)
Athletic Field Rentals	2,000	2,000	500	(1,500)
Cabin Concessions	700	700	-	(700)
Youth Program Revenues	160,000	125,000	129,331	4,331
<i>Special Events:</i>				
Concession Sales	49,375	49,375	65,092	15,717
Sponsorships	16,000	-	-	-
Event Fees	8,600	14,000	13,780	(220)
Special Event Admission Fees	5,700	4,869	2,637	(2,232)
Pavillion Rentals	2,000	2,000	4,020	2,020
Total Charges for Services	1,423,493	2,293,525	2,449,476	155,951
Fines and Forfeitures:				
Court Fines - Traffic	23,000	23,000	21,531	(1,469)
Court Fines - Criminal	6,500	6,500	1,980	(4,520)
Court Fines - Parking	3,000	3,000	2,520	(480)
Court Costs	3,000	3,000	550	(2,450)
Jury Fees	100	100	-	(100)
Bond Forfeitures	100	100	-	(100)
Police Training Surcharge	3,000	3,000	1,610	(1,390)
Total Fines and Forfeitures	38,700	38,700	28,191	(10,509)
Investment Earnings	75,000	150,000	429,856	279,856
Miscellaneous Revenues:				
Recreational Amenity Fees	320,000	330,000	335,325	5,325
Lease of Town-owned Property	58,500	3,500	4,617	1,117
Miscellaneous Nonclassified Revenues	125,000	125,000	143,294	18,294
Total Miscellaneous Revenues	503,500	458,500	483,236	24,736
TOTAL REVENUES	\$ 21,916,827	\$ 25,304,702	\$ 26,434,652	\$ 1,129,950

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, 2022

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Facilities:					
<i>General Government Facilities:</i>					
Utility Upgrades	\$ 450,733	\$ 32,945	\$ 483,678	\$ 470,845	\$ (12,833)
New Town Hall 2nd & 3rd Floor Updates	36,758	53,750	90,508	130,000	39,492
Nottingham Park East Improvements	58,556	261,311	319,867	2,850,000	2,530,133
Office Furniture	27,184	68,435	95,619	153,184	57,565
Town Hall Front Entry ADA Access	-	13,225	13,225	25,000	11,775
511 Metcalf Road #G20	-	537,519	537,519	535,000	(2,519)
<i>Public Safety Facilities:</i>					
PSF Parking Lot Canopy Design	14,153	5,847	20,000	20,000	-
Wildridge Emergency Warning Siren	28,436	194,984	223,420	356,436	133,016
<i>Public Works Facilities:</i>					
Public Works Facilities Expansion Planning	-	14,774	14,774	600,000	585,226
<i>Fleet and Transportation Facilities:</i>					
Fleet Maintenance EPDM Roof Replacement	10,500	-	10,500	460,000	449,500
Bus Shelters	-	436,350	436,350	462,500	26,150
ARTF Roof Improvements / Snow	-	44,860	44,860	50,000	5,140
ARTF Roof Repair	-	75,701	75,701	90,000	14,299
<i>Cultural and Recreational Facilities:</i>					
Pavilion Deck Railing and Floor Replacement	397,153	18,161	415,314	425,600	10,286
Recreation Center Locker Replacement	303,412	27,027	330,439	330,439	-
Recreation Center HVAC Upgrade	7,500	44,945	52,445	250,000	197,555
Recreation Center ADA Parking	865	19,135	20,000	20,865	865
Recreation Center Pool Replastering	202,980	1,160	204,140	205,000	860
Water Slide Repair and Diving Board Replace.	-	33,070	33,070	45,788	12,718
Sauna / Steamroom Remodel	-	7,867	7,867	75,000	67,133
<i>Other Facilities</i>					
EV Charging Stations	-	226,395	226,395	257,500	31,105
Land and Land Improvements:					
Nottingham Park West Courts Reconstruction	24,853	1,384,494	1,409,347	1,432,523	23,176
Wildland Fire Mitigation	-	40,000	40,000	40,000	-
Powerline Undergrounding	333	1,200	1,533	120,000	118,467
North Restrooms - Nottingham Lake Beach	19,942	39,812	59,754	540,000	480,246

Project Description	Actual Amounts			Total Project Budget	Variance with Budget - Positive (Negative)
	Prior Years	Current Year	Total		
CAPITAL IMPROVEMENT PROJECTS					
Roads and Streets:					
<i>Streetscape Improvements:</i>					
Mall Activation Elements	\$ 16,701	\$ 9,878	\$ 26,579	\$ 40,000	\$ 13,421
Avon Rd. / I70 Overpass Aesthetics Imp.	908,093	227,576	1,135,669	1,150,000	14,331
<i>Street Maintenance and Repair:</i>					
Retaining Wall Repairs - Nottingham and Swift C	6,179	1,263	7,442	200,000	192,558
Avon Road Safety Improvements	-	69,196	69,196	150,000	80,804
Hurd Lane Intersection Improvements	7,030	2,927	9,957	20,000	10,043
West B/C Blvd. - US Hwy 6 to Avon Elem.	-	29,470	29,470	860,000	830,530
Buck Creek Repairs	580,467	2,518	582,985	800,000	217,015
Fawcett Rd. Asphalt Overlay	-	25,456	25,456	440,000	414,544
Metcalf Rd. Culvert Repair	41,610	2,210	43,820	450,000	406,180
Metcalf Rd. Manhole Repair	-	15,055	15,055	14,000	(1,055)
Millie's Lane Asphalt overlay	-	42,653	42,653	46,523	3,870
East B/C Blvd. Repair Project	-	28,806	28,806	28,806	-
Annual Guardrail Repair	7,035	6,230	13,265	40,000	26,735
<i>Multi-Modal/Alternative Mobility:</i>					
US Hwy 6 & Stonebridge Rd. Roundabout	-	369,712	369,712	4,600,000	4,230,288
June Creek Emergency Access	7,127	1,791	8,918	110,000	101,082
<i>Recreational Trails Program:</i>					
Lee's Way Trail Rebuild	-	600	600	50,000	49,400
Recreation Trail Path Reconstruction	-	13,238	13,238	866,000	852,762
Water Projects:					
Nottingham Rd. Debris Flow Study and Imp.	376,140	178,000	554,140	600,810	46,670
GIS Implementation - Drainage Infrastructure La	-	52,176	52,176	225,000	172,824
Nottingham-Puder Ditch Piping	-	23,512	23,512	818,750	795,238
Planning and Consulting:					
Schematic Design / Final Design - West Main St.	-	31,544	31,544	275,000	243,456
Communications and Technology:					
Finance/Comm Dev. ERP System	165,055	22,820	187,875	275,290	87,415
Mini-split NTH Data Center	-	12,070	12,070	20,000	7,930
Microsoft Teams Phone System Migration	-	38,547	38,547	64,413	25,866
Surveillance NVR Server Consolidation	-	22,201	22,201	32,000	9,799
Total Capital Improvement Projects	\$ 3,698,795	\$ 4,812,416	\$ 8,511,211	\$ 22,122,272	\$ 13,611,061

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Avon
		YEAR ENDING : December 2022
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:	Joel McCracken 970.748.4019

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

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)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,697,807
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	102,519
2. General fund appropriations	3,489,398	b. Snow and ice removal	853,593
3. Other local imposts (from page 2)	130,201	c. Other	0
4. Miscellaneous local receipts (from page 2)	676,037	d. Total (a. through c.)	956,112
5. Transfers from toll facilities		4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	548,163
a. Bonds - Original Issues		6. Total (1 through 5)	4,202,082
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	67,569
7. Total (1 through 6)	4,295,636	b. Redemption	250,000
B. Private Contributions		c. Total (a. + b.)	317,569
C. Receipts from State government (from page 2)	224,015	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	4,519,651	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	317,569
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4,519,651

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,230,000		250,000	1,980,000
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
		4,519,651	4,519,651		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2022	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	130,201	g. Other Misc. Receipts	
6. Total (1. through 5.)	130,201	h. Other CIP	676,037
c. Total (a. + b.)	130,201	i. Total (a. through h.)	676,037
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	197,952	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	26,063	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26,063	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	224,015	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(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 98-106) – 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 107-111) – 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 112-115) – 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 116-118) – 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 119-121) – These schedules contain service and infrastructure information to help readers understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF AVON, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 34,774,531	\$ 64,112,399	\$ 60,000,945	\$ 58,088,785
Restricted For:				
Emergencies	476,619	598,376	552,335	664,805
Debt Service	1,139,575	1,136,228	1,157,629	1,169,163
Capital Improvements	4,635,904	3,386,451	6,198,817	5,921,087
Urban Renewal	367,082	305,379	404,048	555,167
Purposes of Grantors	2,007,140	929,226	1,106,628	142,100
Unrestricted	10,217,136	10,466,381	11,283,921	16,341,288
Total Governmental Activities Net Position	<u>\$ 53,617,987</u>	<u>\$ 80,934,440</u>	<u>\$ 80,704,323</u>	<u>\$ 82,882,395</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 12,583,125	\$ 12,097,298	\$ 11,633,282	\$ 11,430,538
Unrestricted	783,529	843,503	859,368	908,749
Total Business-type Activities Net Position	<u>\$ 13,366,654</u>	<u>\$ 12,940,801</u>	<u>\$ 12,492,650</u>	<u>\$ 12,339,287</u>
Primary Government				
Net Investment in Capital Assets	\$ 47,357,656	\$ 76,209,697	\$ 71,634,227	\$ 69,519,323
Restricted	8,626,320	6,355,660	9,419,457	8,452,322
Unrestricted	11,000,665	11,309,884	12,143,289	17,250,037
Total Primary Government Net Position	<u>\$ 66,984,641</u>	<u>\$ 93,875,241</u>	<u>\$ 93,196,973</u>	<u>\$ 95,221,682</u>

Source: Town of Avon Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 56,693,531	\$ 60,092,867	\$ 60,035,630	\$ 59,208,071	\$ 60,606,346	\$ 64,269,372
688,786	693,001	805,865	829,650	980,080	1,101,215
1,175,301	1,163,056	1,162,093	-	-	-
3,373,917	702,390	657,821	657,821	451,280	450,230
717,740	-	-	22,942	95,276	177,047
192,173	267,911	691,828	886,122	1,023,435	3,015,098
<u>20,329,098</u>	<u>20,540,937</u>	<u>22,762,477</u>	<u>29,333,839</u>	<u>34,975,834</u>	<u>40,410,798</u>
<u>\$ 83,170,546</u>	<u>\$ 83,460,162</u>	<u>\$ 86,115,714</u>	<u>\$ 90,938,445</u>	<u>\$ 98,132,251</u>	<u>\$ 109,423,760</u>
\$ 11,424,412	\$ 10,877,907	\$ 10,401,752	\$ 10,299,819	\$ 10,940,758	\$ 12,946,887
710,428	652,622	540,075	914,845	1,955,681	1,894,570
<u>\$ 12,134,840</u>	<u>\$ 11,530,529</u>	<u>\$ 10,941,827</u>	<u>\$ 11,214,664</u>	<u>\$ 12,896,439</u>	<u>\$ 14,841,457</u>
\$ 68,117,943	\$ 70,970,774	\$ 70,437,382	\$ 69,507,890	\$ 71,547,104	\$ 77,216,259
6,147,917	2,826,358	3,317,607	2,396,535	2,550,071	4,743,590
21,039,526	21,193,559	23,302,552	30,248,684	36,931,515	42,305,368
<u>\$ 95,305,386</u>	<u>\$ 94,990,691</u>	<u>\$ 97,057,541</u>	<u>\$ 102,153,109</u>	<u>\$ 111,028,690</u>	<u>\$ 124,265,217</u>

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General Government	\$ 2,836,303	\$ 3,186,870	\$ 3,042,126	\$ 3,291,190
Community Development	365,960	463,821	1,341,706	1,202,097
Public Safety	2,551,559	2,792,174	3,039,333	3,214,680
Public Works and Utilities	4,814,364	7,179,132	8,458,218	9,656,808
Recreation and Culture	3,851,812	2,061,033	1,430,648	1,584,531
Mobility	-	-	-	-
Interest and Fiscal Charges on Long-term Debt	600,367	504,343	639,267	754,238
Total Governmental Activity Expenses	15,020,365	16,187,373	17,951,298	19,703,544
Business-type Activities:				
Transportation	1,193,289	1,686,778	1,979,505	1,963,223
Fleet Maintenance	1,608,295	1,609,134	1,506,138	1,623,046
Total Business-type Activity Expenses	2,801,584	3,295,912	3,485,643	3,586,269
Total Primary Government Expenses	\$ 17,821,949	\$ 19,483,285	\$ 21,436,941	\$ 23,289,813
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 135,448	\$ 163,429	\$ 219,364	\$ 239,199
Community Development	485,406	279,179	380,130	369,867
Public Safety	54,205	66,662	69,629	99,862
Public Works and Utilities	256,749	564,090	764,549	698,195
Recreation and Culture	1,064,314	1,092,276	1,238,395	1,334,056
Operating Grants and Contributions	39,217	52,151	11,713	104,217
Capital Grants and Contributions	7,823,132	1,027,911	61,779	1,816,456
Total Governmental Activity Program Revenues	9,858,471	3,245,698	2,745,559	4,661,852
Business-type Activities:				
Charges for Services	1,450,388	1,645,083	1,670,213	1,557,439
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	90,494	-	-	100,000
Total Business-type Activity Program Revenues	1,540,882	1,645,083	1,670,213	1,657,439
Total Primary Government Program Revenues	\$ 11,399,353	\$ 4,890,781	\$ 4,415,772	\$ 6,319,291
Net (Expense) Revenue				
Governmental Activities	\$ (5,161,894)	\$ (12,941,675)	\$ (15,205,739)	\$ (15,041,692)
Business-type Activities	(1,260,702)	(1,650,829)	(1,815,430)	(1,928,830)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 3,500,101	\$ 3,661,274	\$ 5,968,157	\$ 5,809,422	\$ 6,169,567	\$ 6,028,279
1,617,329	1,454,581	557,539	513,004	536,564	658,989
3,703,871	3,983,349	4,310,801	4,466,597	4,372,460	4,792,423
9,026,700	9,448,309	8,134,954	8,245,335	8,481,110	9,094,216
1,684,492	1,978,431	2,160,389	1,814,889	1,917,182	2,196,340
-	-	-	-	84,167	88,266
796,462	720,441	617,694	538,010	412,275	380,278
<u>20,328,955</u>	<u>21,246,385</u>	<u>21,749,534</u>	<u>21,387,257</u>	<u>21,973,325</u>	<u>23,238,791</u>
2,253,558	2,272,401	2,502,195	2,325,260	2,465,889	2,926,168
1,655,774	1,720,433	1,780,524	1,784,854	1,637,288	1,849,994
<u>3,909,332</u>	<u>3,992,834</u>	<u>4,282,719</u>	<u>4,110,114</u>	<u>4,103,177</u>	<u>4,776,162</u>
<u>\$ 24,238,287</u>	<u>\$ 25,239,219</u>	<u>\$ 26,032,253</u>	<u>\$ 25,497,371</u>	<u>\$ 26,076,502</u>	<u>\$ 28,014,953</u>
\$ 294,431	\$ 272,153	\$ 280,165	\$ 197,989	\$ 333,474	\$ 358,198
396,731	395,239	843,810	421,822	604,037	2,213,641
64,275	93,646	60,017	41,786	30,031	30,279
287,151	233,982	484,271	195,682	319,428	524,886
1,519,254	1,458,802	1,385,312	744,429	1,141,324	1,587,555
84,761	75,430	89,873	826,152	104,842	182,916
31,237	491,600	815	37,206	48,128	47,135
<u>2,677,840</u>	<u>3,020,852</u>	<u>3,144,263</u>	<u>2,465,066</u>	<u>2,581,264</u>	<u>4,944,610</u>
1,482,770	1,564,465	1,644,868	1,813,132	1,656,035	1,989,517
-	75,000	245,980	646,470	1,025,745	431,912
328,000	-	-	-	967,643	1,576,477
<u>1,810,770</u>	<u>1,639,465</u>	<u>1,890,848</u>	<u>2,459,602</u>	<u>3,649,423</u>	<u>3,997,906</u>
<u>\$ 4,488,610</u>	<u>\$ 4,660,317</u>	<u>\$ 5,035,111</u>	<u>\$ 4,924,668</u>	<u>\$ 6,230,687</u>	<u>\$ 8,942,516</u>
\$ (17,651,115)	\$ (18,225,533)	\$ (18,605,271)	\$ (18,922,191)	\$ (19,392,061)	\$ (18,294,181)
<u>(2,098,562)</u>	<u>(2,353,369)</u>	<u>(2,391,871)</u>	<u>(1,650,512)</u>	<u>(453,754)</u>	<u>(778,256)</u>

TOWN OF AVON, COLORADO

CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 3,039,132	\$ 2,873,055	\$ 2,904,509	\$ 3,315,020
Real Estate Transfer Taxes	1,574,502	3,764,526	2,369,314	3,497,602
Sales and Accommodation Taxes	7,249,935	8,089,010	8,754,673	9,540,260
Other Taxes	625,756	1,197,603	1,208,352	1,389,896
Unrestricted Investment Earnings	21,296	45,844	53,161	139,665
Grants and Contributions Not Restricted to Specific Programs	864,231	883,884	482,769	513,912
Miscellaneous	408,142	500,925	529,843	558,618
Capital Contributions	(10,955,776)	24,063,281	-	(150,215)
Transfers	(926,000)	(1,160,000)	(1,326,999)	(1,584,994)
Total Governmental Activities	1,901,218	40,258,128	14,975,622	17,219,764
Business-type Activities:				
Property Taxes	40,375	40,079	40,280	40,258
Capital Contributions	10,955,776	24,897	-	150,215
Transfers	926,000	1,160,000	1,326,999	1,584,994
Total Business-type Activities	11,922,151	1,224,976	1,367,279	1,775,467
Total Primary Government	\$ 13,823,369	\$ 41,483,104	\$ 16,342,901	\$ 18,995,231
Change in Net Position				
Governmental Activities	\$ (3,260,676)	\$ 27,316,453	\$ (230,117)	\$ 2,178,072
Business-type Activities	10,661,449	(425,853)	(448,151)	(153,363)
Total Primary Government	\$ 7,400,773	\$ 26,890,600	\$ (678,268)	\$ 2,024,709

Source: Town of Avon Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,876,177	\$ 3,260,557	\$ 3,226,470	\$ 3,727,486	\$ 3,672,627	\$ 3,996,579
4,411,530	3,621,125	5,001,145	5,998,950	7,354,186	5,971,192
9,437,658	10,595,905	11,438,117	11,303,195	13,820,404	16,868,418
1,385,171	641,144	990,898	996,839	2,120,037	2,345,389
178,997	398,998	549,998	288,927	(7,865)	452,949
913,784	932,146	968,549	918,375	1,052,084	1,173,123
589,767	772,766	847,185	2,392,866	667,854	949,072
(103,403)	-	(61,539)	-	-	-
<u>(1,750,415)</u>	<u>(1,707,492)</u>	<u>(1,700,000)</u>	<u>(1,881,716)</u>	<u>(2,093,460)</u>	<u>(2,172,578)</u>
<u>17,939,266</u>	<u>18,515,149</u>	<u>21,260,823</u>	<u>23,744,922</u>	<u>26,585,867</u>	<u>29,584,144</u>
40,297	41,566	41,630	41,633	42,069	46,707
103,403	-	61,539	-	-	-
<u>1,750,415</u>	<u>1,707,492</u>	<u>1,700,000</u>	<u>1,881,716</u>	<u>2,093,460</u>	<u>2,676,567</u>
<u>1,894,115</u>	<u>1,749,058</u>	<u>1,803,169</u>	<u>1,923,349</u>	<u>2,135,529</u>	<u>2,723,274</u>
<u>\$ 19,833,381</u>	<u>\$ 20,264,207</u>	<u>\$ 23,063,992</u>	<u>\$ 25,668,271</u>	<u>\$ 28,721,396</u>	<u>\$ 32,307,418</u>
\$ 288,151	\$ 289,616	\$ 2,655,552	\$ 4,822,731	\$ 7,193,806	\$ 11,289,963
<u>(204,447)</u>	<u>(604,311)</u>	<u>(588,702)</u>	<u>272,837</u>	<u>1,681,775</u>	<u>1,945,018</u>
<u>\$ 83,704</u>	<u>\$ (314,695)</u>	<u>\$ 2,066,850</u>	<u>\$ 5,095,568</u>	<u>\$ 8,875,581</u>	<u>\$ 13,234,981</u>

TOWN OF AVON, COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 12,489,325	\$ 15,924,194	\$ 15,236,848	\$ 17,742,776
Licenses and Permits	336,548	210,636	335,741	259,997
Intergovernmental	8,324,980	1,963,946	989,546	2,868,277
Charges for Services	1,556,262	1,757,625	1,682,724	1,772,510
Fines and Forfeitures	104,736	131,513	129,356	91,014
Investment Earnings	21,296	45,827	53,158	139,665
Other Revenues	531,738	503,354	532,353	651,603
Total Revenues	23,364,885	20,537,095	18,959,726	23,525,842
Expenditures				
Current:				
General Government and Housing	2,762,979	3,084,616	2,916,095	3,119,007
Community Development	369,158	456,063	1,348,166	1,201,086
Public Safety	2,539,475	2,726,711	3,007,164	3,122,942
Public Works and Utilities	1,911,225	3,799,489	4,080,272	5,067,825
Recreation and Culture	3,328,177	1,654,078	1,147,149	1,293,277
Capital Improvements	11,837,101	7,927,709	3,284,852	8,864,565
Debt Service:				
Principal	7,300,000	1,491,042	1,264,966	1,382,506
Interest	423,487	453,883	503,269	473,674
Bond Issuance Costs	133,330	-	80,569	147,270
Fiscal Charges	39,145	51,007	41,289	54,071
Total Expenditures	30,644,077	21,644,598	17,673,791	24,726,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,279,192)	(1,107,503)	1,285,935	(1,200,381)
Other Financing Sources (Uses)				
Transfers In	2,081,160	4,888,511	4,361,441	2,819,319
Transfers Out	(3,007,160)	(6,048,511)	(5,138,440)	(4,404,313)
Debt Issuance Proceeds	6,851,367	-	3,800,000	6,300,000
Payments to Escrow Agent	-	-	-	-
Sales of Capital Assets	1,151	-	-	-
Total Other Financing Sources (Uses)	5,926,518	(1,160,000)	3,023,001	4,715,006
Net Change in Fund Balances	\$ (1,352,674)	\$ (2,267,503)	\$ 4,308,936	\$ 3,514,625
Debt Service as a Percentage of Noncapital Expenditures	39.77%	12.95%	11.37%	10.95%

Source: Town of Avon Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 18,148,536	\$ 18,118,731	\$ 20,656,630	\$ 22,026,470	\$ 26,967,254	\$ 29,181,578
374,311	398,860	752,345	388,494	461,647	1,636,380
1,029,782	1,499,176	1,156,632	1,781,733	1,205,054	1,403,174
2,005,812	1,927,701	2,181,861	1,173,521	1,742,352	2,974,983
94,311	52,220	51,535	39,693	45,753	28,191
178,997	398,998	549,998	288,927	(8,035)	415,982
664,037	748,101	838,635	2,367,398	669,460	920,665
<u>22,495,786</u>	<u>23,143,787</u>	<u>26,187,636</u>	<u>28,066,236</u>	<u>31,083,485</u>	<u>36,560,953</u>
3,379,282	3,636,761	4,982,737	5,522,841	6,081,429	6,807,714
1,505,073	1,342,798	521,129	500,739	551,138	653,294
3,416,991	3,690,530	3,984,465	4,050,935	4,169,397	5,044,825
4,318,222	4,310,596	4,397,725	4,067,683	4,612,171	6,084,870
1,436,483	1,585,571	1,703,007	1,311,887	1,622,206	2,018,510
6,721,147	8,449,771	3,532,547	2,111,194	4,542,239	5,153,940
1,239,743	1,371,210	1,335,902	1,414,010	1,387,925	1,386,616
746,385	666,120	624,162	429,221	403,078	371,833
41,162	-	-	113,525	-	-
81,625	63,337	10,060	7,084	9,351	7,946
<u>22,886,113</u>	<u>25,116,694</u>	<u>21,091,734</u>	<u>19,529,119</u>	<u>23,378,934</u>	<u>27,529,548</u>
(390,327)	(1,972,907)	5,095,902	8,537,117	7,704,551	9,031,405
5,508,421	3,266,471	1,623,043	2,205,115	2,238,633	3,622,088
(7,258,836)	(5,016,471)	(3,323,043)	(4,086,831)	(4,607,093)	(5,805,869)
3,080,204	258,258	-	6,084,000	-	134,662
-	-	-	(6,850,698)	-	-
-	-	-	-	-	-
<u>1,329,789</u>	<u>(1,491,742)</u>	<u>(1,700,000)</u>	<u>(2,648,414)</u>	<u>(2,368,460)</u>	<u>(2,049,119)</u>
<u>\$ 939,462</u>	<u>\$ (3,464,649)</u>	<u>\$ 3,395,902</u>	<u>\$ 5,888,703</u>	<u>\$ 5,336,091</u>	<u>\$ 6,982,286</u>
10.85%	10.65%	10.61%	10.07%	11.05%	8.23%

TOWN OF AVON, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 7,442	\$ -	\$ 13,061	\$ 86,136	\$ -
Restricted	476,619	598,376	552,335	664,805	688,786
Assigned	413,251	325,000	47,878	-	-
Unassigned	4,369,187	3,540,922	5,046,651	5,312,950	5,125,805
Total General Fund	5,266,499	4,464,298	5,659,925	6,063,891	5,814,591
All Other Governmental Funds					
Nonspendable	-	270	-	-	-
Restricted	2,803,943	2,370,833	2,668,305	7,787,517	5,459,131
Committed	3,624,653	3,386,451	6,198,817	4,493,621	7,941,466
Assigned	1,307,854	513,594	517,335	516,183	585,486
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ 7,736,450	\$ 6,271,148	\$ 9,384,457	\$ 12,797,321	\$ 13,986,083

	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	693,001	805,865	829,650	980,080	1,101,215
Assigned	-	-	-	-	-
Unassigned	5,611,041	7,392,670	9,373,237	13,587,481	19,210,640
Total General Fund	6,304,042	8,198,535	10,202,887	14,567,561	20,311,855
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	2,133,357	2,511,742	1,566,885	1,569,991	3,642,375
Committed	7,336,358	8,218,307	11,657,356	13,479,429	13,948,835
Assigned	716,549	832,594	2,193,502	1,303,307	35,942
Unassigned	(154,281)	(29,251)	-	-	-
Total All Other Governmental Funds	\$ 10,031,983	\$ 11,533,392	\$ 15,417,743	\$ 16,352,727	\$ 17,627,152

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Year	Property Tax				
	General	Avon Urban Renewal Authority	Penalties, Interest & Abatements	Delinquent Taxes	Specific Ownership
2013	\$ 2,158,148	\$ 777,838	\$ 5,421	\$ 875	\$ 96,850
2014	2,039,463	784,986	(64,246)	6	112,848
2015	2,027,434	756,471	7,124	172	113,308
2016	2,284,282	1,026,248	4,491	-	119,483
2017	1,733,823	1,136,777	5,555	22	99,498
2018	1,829,624	1,428,646	1,106	181	105,234
2019	1,839,155	1,386,475	12	828	113,657
2020	2,041,834	1,568,090	3,128	-	114,434
2021	2,045,147	1,628,814	(1,635)	301	126,985
2022	2,154,594	1,887,132	1,422	138	130,201

Year	Real Estate Transfer Tax	Sales Tax	Utility Tax	Accommodations Tax	Village at Avon Retail Sales Fee
2013	\$ 1,574,502	\$ 6,374,134	\$ 110,474	\$ 888,867	\$ 118,622
2014	3,764,526	7,093,469	109,441	995,540	683,833
2015	2,369,314	7,622,097	106,786	1,132,576	697,924
2016	3,497,602	8,250,381	102,643	1,289,879	735,280
2017	4,448,666	8,104,582	102,279	1,333,939	763,915
2018	3,621,125	8,475,940	105,881	1,334,306	785,659
2019	5,001,145	9,146,851	107,293	1,486,842	804,424
2020	5,998,950	9,214,444	102,442	1,217,787	870,964
2021	7,354,186	11,608,048	115,387	2,212,356	877,862
2022	5,971,192	13,251,187	139,370	2,494,535	991,380

Year	Cigarette Excise Tax	Tobacco Tax	Franchise Fees	Short-term Rental Tax	Total
2013	\$ -	\$ -	\$ 383,594	\$ -	\$ 12,489,325
2014	-	-	404,328	-	15,924,194
2015	-	-	403,642	-	15,236,848
2016	-	-	432,488	-	17,742,777
2017	-	-	419,479	-	18,148,536
2018	-	-	430,029	-	18,117,731
2019	189,305	146,016	434,627	-	20,656,630
2020	250,995	214,907	428,495	-	22,026,470
2021	258,573	301,631	439,599	-	26,967,254
2022	247,799	348,917	487,722	1,122,696	29,228,285

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

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

Levy Year	Collection Year	Vacant Land	Residential Property	Commercial Property	Other Property	Total Gross Assessed Value
2012	2013	\$ 15,456,680	\$ 102,328,980	\$ 71,704,020	\$ 3,441,730	\$ 192,931,410
2013	2014	16,403,340	90,703,150	67,157,140	4,576,530	178,840,160
2014	2015	15,183,630	92,056,060	66,419,690	4,280,110	177,939,490
2015	2016	14,261,780	121,724,600	70,940,420	3,929,820	211,061,910
2016	2017	13,201,140	123,870,280	69,822,570	4,310,460	211,204,450
2017	2018	12,927,680	129,786,330	79,660,040	4,387,310	226,761,360
2018	2019	11,625,280	131,277,920	83,581,320	3,901,750	230,386,270
2019	2020	12,669,770	146,905,210	89,774,540	3,291,140	252,640,660
2020	2021	10,282,760	151,345,100	89,159,320	3,212,590	253,999,770
2021	2022	10,934,940	166,148,630	83,772,920	3,399,370	264,255,860

Levy Year	Collection Year	Less TIF District Increment (1)	Total Net Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2012	2013	\$ 12,511,160	\$ 180,420,250	11.983	\$ 1,564,516,920	12.33%
2013	2014	12,105,380	166,734,780	12.258	1,406,594,920	12.71%
2014	2015	11,501,900	166,437,590	12.207	1,417,405,720	12.55%
2015	2016	16,476,380	194,585,530	11.765	1,806,178,690	11.69%
2016	2017	17,221,870	193,982,580	8.956	1,825,187,770	11.57%
2017	2018	21,857,430	204,903,930	8.956	2,104,646,220	10.77%
2018	2019	21,475,340	208,910,930	8.956	2,121,154,740	10.86%
2019	2020	24,201,100	228,439,560	8.956	2,389,931,130	10.57%
2020	2021	25,630,460	228,369,310	8.956	2,444,013,540	10.39%
2021	2022	29,383,740	234,872,120	8.956	2,639,103,550	10.01%

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

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

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

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Taxing Entity	Collection Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Town of Avon									
General Operating	8.956	8.956	8.956	8.956	8.956	8.956	8.956	8.956	8.956
General Obligation Debt Service	3.027	3.302	3.251	2.809	0.000	0.000	0.000	0.000	0.000
Total Direct	11.983	12.258	12.207	11.765	8.956	8.956	8.956	8.956	8.956
Eagle County	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499
Colleges and School Districts									
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997	3.997	4.013	4.013
Eagle County School District RE-50J	21.362	20.826	21.517	20.331	25.209	24.912	25.115	24.240	24.069
Other Special Districts									
Eagle River Fire Protection District	7.553	9.238	9.392	8.205	9.740	9.828	10.226	9.766	10.023
Eagle Valley Library District	2.750	2.750	2.750	2.750	2.750	2.750	2.763	2.763	2.763
Eagle River Water and Sanitation District	0.931	0.946	0.954	0.852	0.849	0.816	0.815	0.766	0.766
Colorado River Water Conservancy District	0.242	0.254	0.253	0.243	0.253	0.254	0.256	0.235	0.502
Eagle County Health Services District	2.023	2.006	2.019	2.008	2.755	2.753	2.766	2.781	2.755
Metropolitan Districts									
Avon General Improvement District No. 1	15.288	17.557	17.557	14.077	14.005	14.005	14.005	15.186	15.186
Avon Station Metropolitan District	58.000	58.000	58.000	58.000	63.000	65.585	65.596	65.572	65.780
Confluence Metropolitan District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mountain Vista Metropolitan District	25.000	25.000	25.000	25.000	25.000	26.155	26.354	26.354	9.250
The Village Metropolitan District	50.000	50.000	50.000	50.000	50.000	50.000	50.000	15.000	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 TEN YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town of Avon Assessed Value
CSB Properties Holdings LLC	\$ 8,879,310	1	3.51%			0.00%
BFG Colorado LLC	6,654,210	2	2.63%			0.00%
Traer Creek-WMT LLC	5,517,370	3	2.18%	6,675,480	1	3.46%
Avon MOB LLC	5,355,810	4	2.12%			0.00%
Riverfront Village Hotel, LLC	4,341,930	5	1.72%	2,266,130	9	1.17%
Beaver Creek Vacation Ownership Plan	3,865,740	8	1.53%			0.00%
Traer Creek-HD LLC	3,886,820	7	1.54%	4,720,350	2	2.45%
Avon Piedmont LLC	4,295,460	6	1.70%			0.00%
Avon Wynfield LLC	3,515,990	9	1.39%	2,376,620	8	1.23%
Mountain Vista Condominium Assoc Inc.	3,041,060	10	1.20%	2,087,490	10	1.08%
Points of Colorado	2,509,750	12	0.99%	3,413,280	4	1.77%
Dillon Real Estate Co, Inc	2,775,570	11	1.10%	1,635,990	13	0.85%
Christie Lodge Assoc Ltd	2,391,980	13	0.95%			0.00%
Riverfront Mtn Villas Condominium Assoc Inc	2,071,620	14	0.82%			0.00%
GAC Avon LP LLC	1,941,760	15	0.77%			0.00%
CH Retail Fund II/Bvr Crk Nttngham Sta	1,775,680	16	0.70%			0.00%
Comcast of Colorado VII LLC	1,292,260	17	0.51%			0.00%
Chapel Square Ventures LP	NA	NA		4,449,750	3	2.31%
Avon Partners II, LLC	NA	NA		2,972,490	5	1.54%
Servco Inc.	NA	NA		2,797,110	6	1.45%
ARI Mountain Center LLC	NA	NA		2,519,450	7	1.31%
Traer Creek-L2 LLC	NA	NA		2,030,010	11	1.05%
Riverview Park Assoc., Inc	NA	NA		1,763,960	12	0.91%
Traer Creek-RP LLC	NA	NA		1,383,680	14	0.72%
East West Resort Dvlpmnt XIV LP LLLP	NA	NA		1,281,350	15	0.66%
Total Assessed Value of the Fifteen Largest Taxpayers	64,112,320		25.38%	42,373,140		21.96%
Total Gross Assessed Value of Other Taxpayers	188,528,340		74.62%	150,558,270		78.04%
Total Gross Assessed Value of All Taxpayers	\$ 252,640,660		100.00%	\$ 192,931,410		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
2012	2013	\$ 2,202,287	\$ 2,160,634	98.11%	\$ 875	\$ 2,161,509	98.15%
2013	2014	2,083,835	2,042,508	98.02%	6	2,042,514	98.02%
2014	2015	2,071,895	2,029,571	97.96%	172	2,029,743	97.97%
2015	2016	2,329,489	2,286,146	98.14%	-	2,286,146	98.14%
2016	2017	1,777,498	1,736,538	97.70%	22	1,736,560	97.70%
2017	2018	1,876,652	1,829,624	97.49%	181	1,829,805	97.50%
2018	2019	1,912,703	1,839,155	96.15%	828	1,839,983	96.20%
2019	2020	2,087,501	2,083,430	99.80%	-	2,083,430	99.80%
2020	2021	2,087,252	2,087,123	99.99%	301	2,087,424	100.01%
2021	2022	2,149,519	2,154,594	100.24%	138	2,154,732	100.24%

Source: Town of Avon Finance Department

Notes: (1) Taxes are due and payable on January 1 based on the prior year's assessed valuation.
(2) Information on outstanding delinquent taxes is not available.

TOWN OF AVON, COLORADO

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Certificates of Participation	Loans	Capital Leases
2013	\$ 1,498,650	\$ -	\$ 7,270,000	\$ 2,950,000	\$ -	\$ 516,378
2014	1,017,255	-	6,520,000	2,825,000	-	547,990
2015	520,860	-	6,200,000	6,280,000	-	438,024
2016	-	-	5,790,000	12,235,000	-	325,518
2017	-	-	8,225,362	11,675,000	-	566,231
2018	-	-	7,649,283	11,324,659	-	401,100
2019	-	-	7,053,286	10,661,468	-	311,195
2020	-	-	2,317,223	9,787,797	3,651,000	236,248
2021	-	-	2,135,945	9,067,886	3,227,000	159,601
2022	-	-	1,949,299	8,338,735	2,794,000	107,632

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Capital Leases			
2013	\$ 3,047,119	\$ 303,251	\$ 15,585,398	0.52%	\$ 2,563
2014	2,914,623	244,259	14,069,127	0.43%	2,337
2015	2,777,127	185,937	16,401,948	0.45%	2,746
2016	2,605,000	125,825	21,081,343	0.56%	3,566
2017	2,465,000	63,864	22,995,457	0.56%	3,948
2018	2,349,640	258,258	21,982,940	0.49%	3,811
2019	2,197,144	224,979	20,448,072	0.43%	3,026
2020	1,826,000	190,561	18,008,829	0.35%	2,807
2021	1,655,000	154,967	16,400,399	0.30%	2,732
2022	1,480,000	118,157	14,787,823	NA	2,463

Source: Town of Avon Finance Department

TOWN OF AVON, COLORADO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2022

Government Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Confluence Metropolitan District	\$ 20,770,000	100.00%	\$ 20,770,000
Eagle County School District RE-50J	186,320,000	7.51%	13,987,690
Eagle River Fire Protection District	22,328,992	21.49%	4,798,442
The Village Metropolitan District	44,425,000	100.00%	44,425,000
Subtotal - Overlapping debt			83,981,131
Town of Avon Direct Debt			13,189,666
Total Direct and Overlapping Debt			<u>\$ 97,170,797</u>

Source: Various Governmental Entities, Eagle County Finance Department

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

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

TOWN OF AVON, COLORADO

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

	Fiscal Year			
	2013	2014	2015	2016
General Bonded Debt Outstanding General Obligation Bonds	\$ 1,480,000	\$ 1,005,000	\$ 515,000	\$ -
Actual Taxable Property Value	1,564,516,920	1,406,594,920	1,417,405,720	1,806,178,690
Net Assessed Value	180,420,250	166,734,780	166,437,590	194,585,530
Percentage of General Bonded Debt Outstanding to Actual Taxable Property Value	0.09%	0.07%	0.04%	0.00%
Town of Avon Population	6,388	6,410	6,472	6,505
Per Capita	\$ 232	\$ 157	\$ 80	\$ -
Legal Debt Limit	\$ 45,105,062	\$ 41,683,695	\$ 41,609,398	\$ 48,646,382
Total Debt Applicable to Limit	(1,480,000)	(1,005,000)	(515,000)	-
Legal Debt Margin	\$ 43,625,062	\$ 40,678,695	\$ 41,094,398	\$ 48,646,382
Total Debt Applicable to the Limit as a Percentage of Legal Debt Limit	3.28%	2.41%	1.24%	0.00%

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

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,825,187,770	2,104,646,220	2,121,154,740	2,389,931,130	2,444,013,540	2,639,103,550	
193,982,580	204,903,930	208,910,930	228,439,560	228,369,310	234,872,120	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6,383	6,518	6,365	6,145	6,003	6,003	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 48,495,645	\$ 51,225,982	\$ 52,227,732	\$ 57,109,890	\$ 57,092,328	\$ 58,718,030	
-	-	-	-	-	-	-
\$ 48,495,645	\$ 51,225,982	\$ 52,227,732	\$ 57,109,890	\$ 57,092,328	\$ 58,718,030	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TOWN OF AVON, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Town of Avon Population	Eagle County Population	Eagle County Personal Income (In \$1,000's)	Eagle County Per Capita Personal Income	Eagle County Median Age	Eagle County RE-50J School Enrollment	Denver / Boulder Consumer Price Index	Eagle County Unemployment Rate
2013	6,080	52,262	2,982,445	56,241	36.00	6,549	230.8	5.20%
2014	6,021	52,398	3,282,943	61,292	36.20	6,713	237.2	4.75%
2015	5,972	52,780	3,646,142	67,247	36.50	6,546	240.0	2.10%
2016	5,911	53,041	3,777,507	68,669	36.70	6,901	246.6	2.81%
2017	5,825	53,724	4,082,959	73,530	35.60	6,959	254.9	2.22%
2018	5,769	54,205	4,515,170	81,113	39.00	6,882	261.9	2.59%
2019	6,758	54,819	4,726,231	84,648	36.50	6,902	267.4	2.25%
2020	6,145	55,624	5,089,549	91,432	37.81	6,931	272.2	5.10%
2021	6,003	55,687	5,419,735	97,255	37.70	6,694	281.8	4.30%
2022	6,003	55,852	NA	NA	34.68	6,623	304.4	2.80%

N/A - Information not available.

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

TOWN OF AVON, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

Employer	2022		2013	
	Employees	Rank	Employees	Rank
East West Hospitality	450	1	NA	NA
Westin Riverfront Resort & Spa	357	2	267	1
Wal-Mart	225	3	252	2
City Market	131	4	129	4
Home Depot	129	5	124	5
CMM/Vail Health - Avon	127	6	NA	NA
Town of Avon	106	7	82	8
Slifer Smith & Frampton	76	8	NA	NA
Eagle River Water & Sanitation	74	9	99	6
Christie Lodge	68	10	78	9
Sheraton Mountain Vista	45	11	89	7
Montana's Bar & Grill	NA	NA	45	10
CIMA	NA	NA	150	3

Sources: Various Town of Avon businesses, Department of Labor

TOWN OF AVON, COLORADO

COMMERCIAL AND RESIDENTIAL CONSTRUCTION LAST TEN FISCAL YEARS

Year	Total Permits Issued	Commercial Construction		Residential Construction		Total Building Construction Value
		Square Footage	Value	No. of Units	Value	
2013	159	217,293	\$ 27,121,876	12	\$ 9,027,760	\$ 36,149,636
2014	156	-	1,500,000	10	13,735,900	15,235,900
2015	153	114,614	14,336,000	10	6,970,000	21,306,000
2016	158	90,309	21,525,147	7	8,551,360	30,076,507
2017	167	60,043	29,298,052	6	18,930,069	48,228,121
2018	164	93,579	37,542,440	20	15,120,198	52,662,638
2019	177	23,276	11,851,054	278	64,258,298	76,109,352
2020	169	36,082	14,430,422	12	10,341,682	24,772,104
2021	208	7,900	1,957,878	20	31,467,170	33,425,048
2022	215	131,676	34,500,000	127	164,909,400	199,409,400

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				
	2013	2014	2015	2016	2017
General Government					
Administration	3.75	4.75	4.75	4.60	4.60
Special Events	1.00	1.00	1.00	1.00	2.00
Human Resources	2.00	2.00	3.00	3.00	3.00
Finance	8.00	8.00	8.00	8.00	8.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Community Development	3.00	3.00	3.00	3.00	3.00
Police	20.00	20.00	20.00	20.40	20.40
Public Works:					
Engineering	2.00	2.00	2.00	2.00	2.00
Buildings and Facilities	3.00	3.00	4.00	4.00	5.00
Roads and Bridges, Parks	16.00	14.00	14.00	15.00	16.00
Mobility	4.00	4.00	6.00	6.00	6.00
Fleet Maintenance	8.00	8.00	8.00	8.00	8.00
Recreation	6.00	7.00	9.00	9.00	10.00
Total	<u>77.75</u>	<u>77.75</u>	<u>83.75</u>	<u>85.00</u>	<u>89.00</u>

	Full-time Equivalent Employees as of December 31				
	2018	2019	2020	2021	2022
General Government					
Administration	5.00	6.00	6.00	8.30	8.30
Special Events	2.00	2.00	2.00	2.00	2.00
Human Resources	3.75	3.75	3.70	4.00	4.00
Finance	9.00	9.00	9.00	9.00	9.00
Nondepartmental	1.00	1.00	0.00	0.00	0.00
Community Development	3.00	3.75	3.75	5.00	5.00
Police	21.50	22.50	23.30	25.55	25.55
Public Works:					
Administration	0.00	0.00	1.00	2.00	2.00
Engineering	2.00	2.00	2.00	3.00	3.00
Buildings and Facilities	5.00	5.00	6.00	3.00	6.00
Roads and Bridges, Parks	15.00	16.00	15.00	12.00	17.00
Mobility	8.00	8.00	8.00	8.00	9.00
Fleet Maintenance	8.00	8.00	9.00	8.00	9.00
Recreation	10.00	10.00	10.00	10.00	10.00
Total	<u>93.25</u>	<u>97.00</u>	<u>98.75</u>	<u>99.85</u>	<u>109.85</u>

Source: Town of Avon Budget

TOWN OF AVON, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Town of Avon Facilities and Services:				
Miles of Streets	23.73	23.73	23.73	23.73
Number of Street Lights	632	613	619	634
Culture and Recreation:				
Miles of Bike/Pedestrian Paths	8.75	8.82	8.82	9.32
Miles of dirt, singletrack trails	0.00	11.00	11.00	11.00
Parks / Lakes	5/1	5/1	5/1	5/1
Park Acreage	672	672	672	672
Tennis/Volleyball/Basketball Courts/Pickleball Courts	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2
Recreation Centers	1	1	1	1
Softball / Soccer Fields	1 / 2	1 / 2	1 / 2	1 / 2
Playgrounds	4	4	4	4
Performance Art Pavilion		1	1	1
Police Protection:				
Number of Stations	1	1	1	1
Number of Police Personnel and Officers	20	20	21	23
Number of Patrol Units	16	16	15	15
Number of Law Violations:				
General Ordinance Violations	207	438	384	419
Traffic Violations	285	372	314	543
Parking Violations	165	366	282	234
Facilities and Services Not Included in the Reporting Entity:				
Libraries:				
Number of Libraries / Volumes	1 / 79,405	1 / 80,239	1 / 79,226	1 / 77,490
Water System:				
Miles of Water Mains	24.99	24.99	24.99	24.99
Number of Service Connections	3,831	3,897	3,917	3,917
Daily Average Consumption in Gallons	675,728	706,833	706,833	709,478
Maximum Daily Capacity of Plant in Gallons	10MGD	10MGD	10MGD	10MGD
Sanitary Sewer System:				
Miles of Sanitary Sewers	33.44	33.44	33.44	33.44
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,969	4,038	4,086	4,086
Maximum Daily Capacity of Treatment Plant in Gallons	4.3MGD	4.3MGD	4.3MGD	4.3MGD
Education:				
Number of Elementary Schools / Instructors	1 / 27	1 / 25	1 / 27	1 / 47
Fire Protection:				
Number of Stations	5	5	5	6
Number of Fire Personnel and Officers	66	64	67	68
Number of Calls Answered	2,244	2,357	636	670
Number of Inspections Conducted	154	154	122	175

Fiscal Year					
2017	2018	2019	2020	2021	2022
23.73	23.73	23.73	23.73	24	24
646	646	666	699	699	734
9.32	9.36	9.44	9.51	9.51	9.51
11.00	11.00	11.00	11.00	11.00	11.00
5/2	5/2	5/2	5/2	5/2	5/2
672	672	672	672	672	672
4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2	4 / 2 / 3 / 2	2 / 2 / 3 / 6
1	1	1	1	1	1
1 / 2	1 / 2	1 / 2	1 / 2	0 / 2	0 / 2
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
23	23	22	23	23	24.5
15	15	15	15	17	17
91	118	82	52	51	29
446	142	226	208	295	235
147	59	160	157	148	131
1 / 78,779	1 / 77,137	1 / 75,963	1 / 77,318	1 / 78,880	1 / 78,011
24.99	24.99	24.99	24.99	24.99	24.99
3,980	3,980	4,019	4,267	4,323	4,385
712,521	718,731	725,684	698,030	744,896	726,025
10MGD	10MGD	10MGD	10MGD	10MGD	10MGD
33.44	33.44	33.44	33.44	33.4	33.4
1	1	1	1	1	1
4,118	4,118	4,157	4,405	4,449	4,511
4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD	4.3MGD
1 / 62	1 / 44	1 / 39	1 / 36	1 / 32	1 / 32
6	5	5	5	5	5
68	70	70	68	67	65
644	554	564	2,518	634	586
179	166	134	127	141	90

SINGLE AUDIT

TOWN OF AVON, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022

Note 1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Avon under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Avon, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Avon.

Note 2. Summary of Significant Accounting Policies

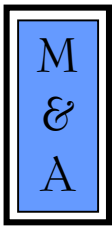
Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereas certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Sub-recipients

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

Note 4. Indirect Facilities and Administration Costs

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



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Avon, Colorado (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 21, 2023.

Internal Control Over Financial Reporting

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

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

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

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

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

Compliance and Other Matters

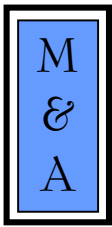
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
June 21, 2023**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

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

Opinion on Each Major Federal Program

We have audited Town of Avon, Colorado's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 21, 2023

Town of Avon, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

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

Federal Awards:

Internal control over major programs:

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

Major programs:

Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs	ALN 20.526
---	------------

Dollar threshold used to identify Type A from Type B programs: \$750,000

Identified as low-risk auditee Yes

Part II – Findings Related to Financial Statements

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

Auditor-assigned reference number Not applicable

Part III – Findings Related to Federal Awards

Internal control findings None noted

Compliance findings None noted

Questioned costs None noted

Auditor-assigned reference number Not applicable

There were no findings for the fiscal year ended December 31, 2021.

TOWN OF AVON, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Clusters of Programs
<u>U.S. Department of Justice</u>				
<u>Direct Program:</u>				
Bulletproof Vest Partnership Program	16.607		\$ 2,135	
Total U.S. Department of Justice			<u>2,135</u>	
<u>U.S. Department of Transportation</u>				
<i>Passed Through Colorado Department of Transportation:</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	22-HTR-ZL-00194/491002873	70,107	
Formula Grants for Rural Areas and Tribal Transit Program	20.509	22-HTR-ZL-00243/491002929	361,805	
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	21-HTR-ZL-00161/491002407	<u>1,576,477</u>	
<i>Total - Federal Transit Cluster</i>				<u>\$ 1,576,477</u>
Total U.S. Department of Transportation			<u>2,008,389</u>	
Total Expenditures of Federal Awards			<u>\$ 2,010,524</u>	

The accompanying notes are an integral part of this schedule.