



FISCAL CONDITIONS REPORT:  
TAXES, FUND BALANCE RESERVES & DEBT

DECEMBER 2015

THIS REPORT HAS BEEN PREPARED AS A RESOURCE GUIDE FOR QUICK REFERENCE REGARDING TRENDS AND CURRENT LEVELS OF TOWN TAXES, FUND BALANCE/RESERVES & DEBT ISSUES.

- I. TAXES – THREE PRIMARY SOURCES:  
GENERAL PROPERTY, SALES & REAL ESTATE TRANSFER
- II. FUND BALANCE RESERVES
- III. DEBT

## I. TAXES: THREE PRIMARY SOURCES GENERAL PROPERTY, SALES & REAL ESTATE

- General Property, Sales and Real Estate Transfer Taxes provide 90% of the Town’s tax revenues. This diversity of major tax revenue streams is important to maintaining a balance in revenue receipts through economic cycles.

PRIMARY REVENUE SOURCES	1995	2000	2005	2010	2014	% of 2014 TOTAL
<b>OPERATING REVENUES</b>						
GENERAL PROPERTY	1,085,000	2,670,000	2,593,000	3,609,000	2,824,000	18%
SALES	3,450,000	4,696,000	5,246,000	5,105,000	7,777,000	49%
OTHER	<u>544,000</u>	<u>491,000</u>	<u>964,000</u>	<u>1,234,000</u>	<u>1,558,000</u>	<u>10%</u>
TOTAL	5,079,000	7,857,000	8,803,000	9,948,000	12,159,000	76%
<b>CAPITAL PROJECT REVENUE</b>						
REAL ESTATE TRANSFER	1,011,000	1,754,000	3,254,000	1,762,000	3,765,000	24%
TOTAL REVENUES	6,090,000	9,611,000	12,057,000	11,710,000	15,924,000	

### SALES TAXES

- In 2016, sales and accommodation taxes are projected to make up approximately 74% of the Town’s general fund revenues. Of that amount, approximately 40% is paid for by visitors and tourists. Accommodation taxes are included in Other.
- Sales tax growth from new businesses since 2013 appear to reflect the positive change in the economy, and private landscape and building improvements, particularly at HCRE properties, where the majority of the new business growth is reported

New Business Sales Tax Analysis 2013-2015			
	Sales Taxes from New Business	Sales Tax Increase from Existing Businesses	Total Increase Year over Year
2013	\$255,700 33%	\$520,100 67%	\$775,800
2014	\$278,700 39%	\$428,000 61%	\$706,700
2015	\$247,000 55%	\$200,000 45%	\$447,000

- Municipal tax revenues in Colorado are very diverse but are largely driven by sales tax revenues. Compared to other states, property taxes in Colorado are quite low, ranking 10<sup>th</sup> in the nation for the lowest average real estate taxes.

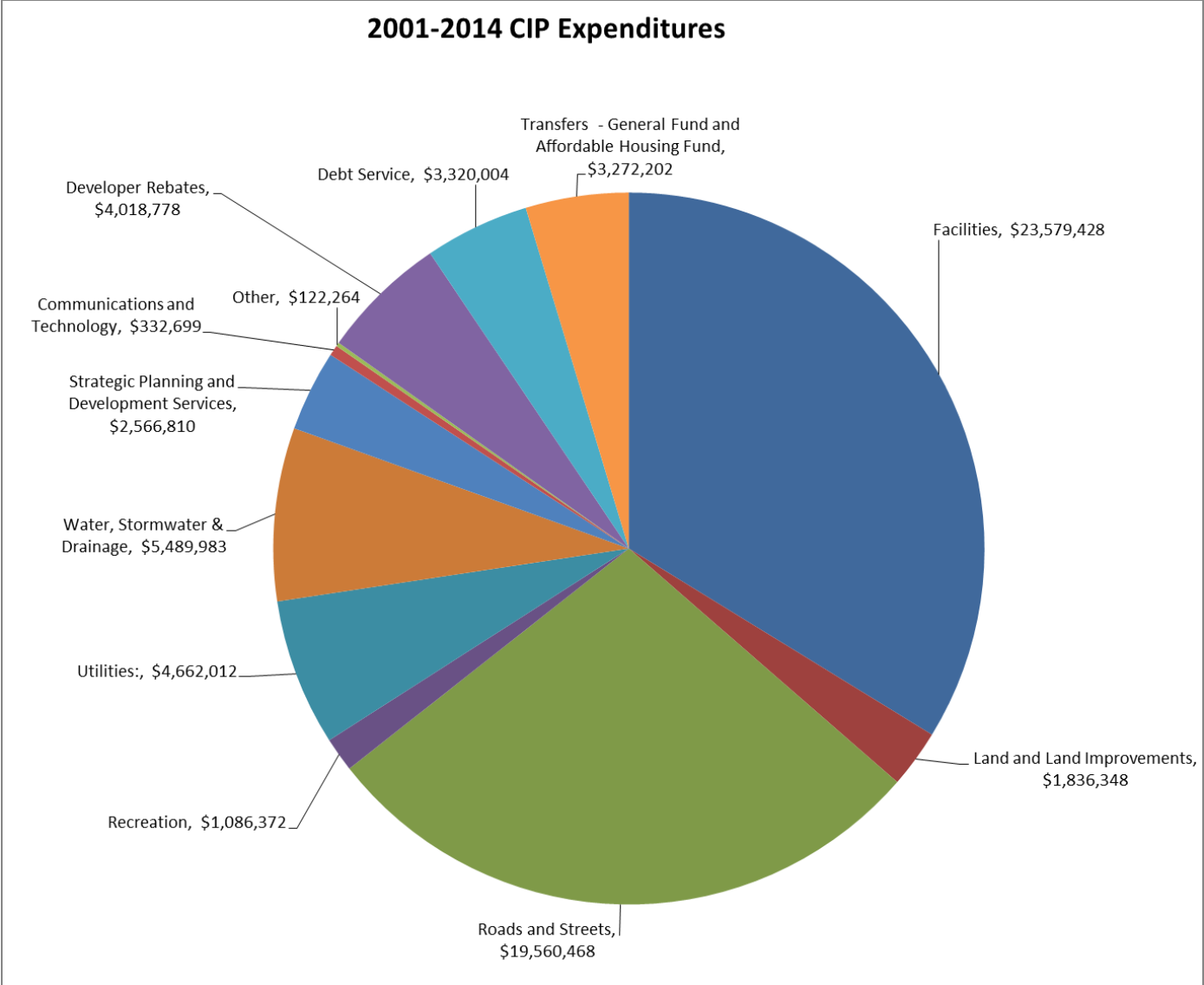
## PROPERTY TAXES

- Total assessed values of the Town fell by 32% in the four years following the great recession. Although assessed values have gained back some of those values this year, total values for 2015 remain at more than 20% below those in 2010. 2010 and 2012 were Assessed Valuation re-evaluation years.
- Avon's Net Assessed Valuation was at its greatest in 2010; in 2015 the Assessed Valuation is \$50,500,000 below the 2010 value
- Avon's operating mill levy rate has remained constant since 2000
- Avon's mill rate represents 13.8% of the overlapping jurisdictions property tax rate in 2015; a reduction from 15.7% in 2010
- Town operating property tax revenues have been reduced by a total of \$1,866,416 over that same four year period. However, the level of municipal services has not changed.
- In 1998, the voters of Avon approved a ballot question that removed the constitutional restrictions of property tax revenue growth placed upon it by TABOR. However, decreases in assessed values cannot be made up for by increases in mill rate without an election
- Due to TABOR, any reduction to the Town's operating mill rate would be of a permanent nature and could not be later increased without an election, unless the Town allowed a temporary mill levy rate reduction with re-imposition.

<b>Assessed Value &amp; Overlapping Tax Rates</b>				
	<b>Collection Year</b>			
<b>Assessed Value &amp; Overlapping Tax Rates</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>
<b>Avon - Total Net Assessed Value</b>	<b>120,272,000</b>	<b>168,907,000</b>	<b>245,052,000</b>	<b>194,585,000</b>
<b>Property Tax Mill Rates</b>				
<b>Town of Avon</b>				
General Operating	11.456	8.956	8.956	8.956
General Obligation Debt Service	6.891	4.825	2.252	3.251
TOTAL - Town of Avon	18.347	13.781	11.208	12.207
<b>Eagle County</b>	7.050	8.499	8.499	8.499
<b>Colleges and School Districts</b>				
Colorado Mountain College	3.655	3.997	3.997	3.997
Eagle County School District RE-50J	22.047	21.120	19.402	21.517
<b>Other Special Districts</b>				
Eagle River Fire Protection District	0.000	3.800	5.550	9.392
Eagle Valley Library District	2.750	2.750	2.750	2.750
Eagle River Water and Sanitation Distict	1.154	1.330	0.795	0.954
Colorado River Water Conservancy District	0.282	0.252	0.166	0.253
Eagle County Health Services District	0.842	2.013	1.780	2.019
Upper Eagle Valley Cons. Sanitation District	0.385	0.000	0.000	0.000
Upper Eagle Valley Sanitation District	0.478	0.000	0.000	0.000
<b>Excluding Metro Districts not Overlapping Entire Town:</b>				
<b>Total Mills</b>	<b>56.990</b>	<b>57.542</b>	<b>54.147</b>	<b>61.588</b>
<b>Avon's Percent of the Total Mills</b>	<b>12.37%</b>	<b>14.77%</b>	<b>15.70%</b>	<b>13.80%</b>

**REAL ESTATE TRANSFER TAXES (RETT)**

- The Town approved a 1% RETT in 1978. The rate was increased to 2% to 1987. While not limited to capital, the fund is utilized exclusively for the Town's capital improvements, including the support of debt from existing revenue.
- Since 2001, the Town has collected \$32,829,891 in RETT. This amount, along with various other grants and fees, has allowed the Town to invest almost \$70 million in its infrastructure, road and streets, facilities, parks and trails, technology and development.
- The uses of the monies are shown in the graph below.
- In equivalent rates it would, on average, require either a 1.81% sales tax increase or a 13.01 property tax mill rate increase to offset the loss of the Town's real estate transfer tax based on historical averages.

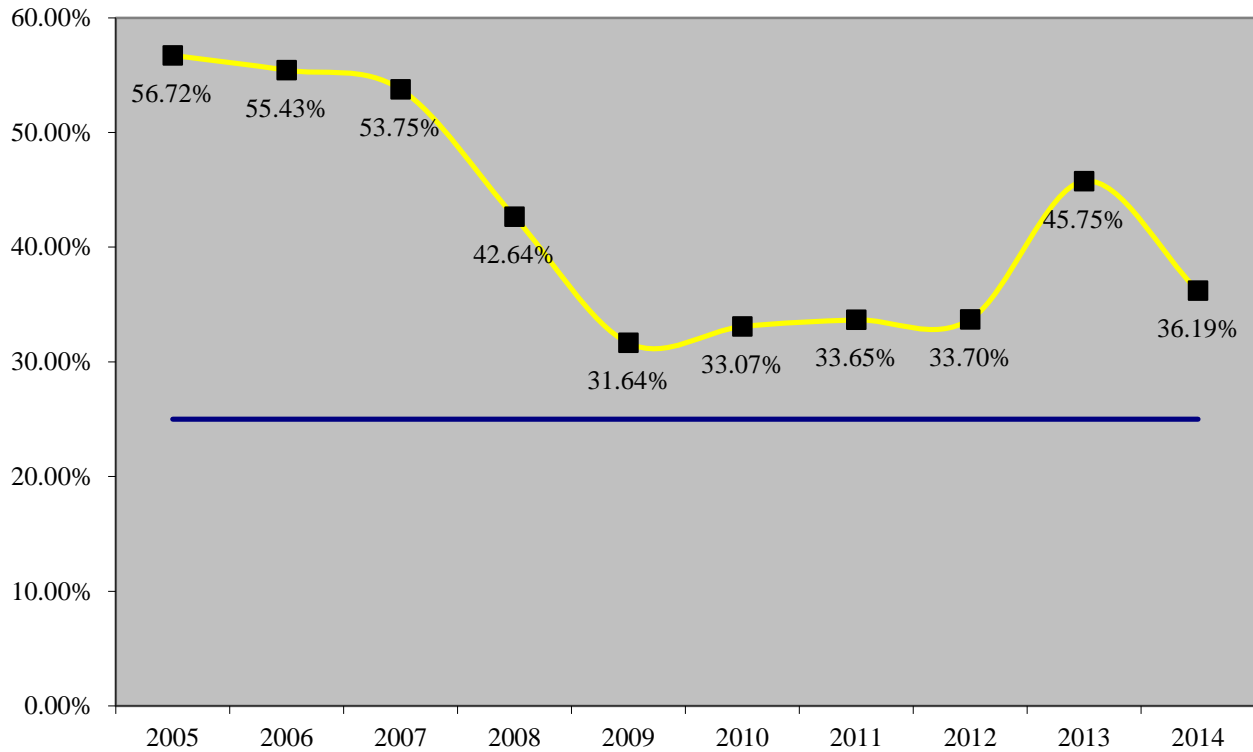


## II. FUND BALANCE RESERVES

- Purpose of the Reserve: To ensure the Town has adequate funds for cash flow purposes, to address unforeseen reductions in operating revenues or increases in expenditures, economic downturns, and the effects of natural disasters
- The Town is required by TABOR to have 3% of the General Fund operating expenditures as a reserve
- The Town’s policy requires a 25% reserve, based upon the General Fund operating expenditures
- The graph below illustrates that from 2005 through 2014 the Town has exceeded its 25% reserve policy by having greater reserves on hand than required

- The Town was able to retain greater reserves than required even during the recession period of 2008 – 2013, indicating that the Town is fiscally capable of new expenditures even during a long period of global or national economic downturn or through a catastrophic local event

### Variance to Recommended Reserve



### III. TOWN DEBT HISTORY & CURRENT OBLIGATIONS

- Debt-financing allows the Town to pay for a high cost physical asset over a period of time, up to its useful life (generally not less than 10 years), which cannot be funded through pay-as-you-go collections.
- The use of municipal debt is a financially responsible practice for certain types of capital improvements within appropriate limitations and at appropriate interest rates.
- The Town follows GFOA Best Practices in its issuance and management of debt to ensure that the maturity structure and estimated debt service match the anticipated flow of revenues available for debt service in a manner that will not raise credit concerns and will not unduly contribute to unfavorable market reception.

- Town general obligation debt is at its lowest level in over twenty years.
- The Town's legal debt limit (constitutional debt, i.e. general obligation and revenue bonds) is \$41,683,695. There is no limit on Certificates of Participation or capital leases.
- Total Town debt service represents only 7% of total Town expenditures for 2016.
- Two debt issues have either been retired or will be in 2016. The Town's debt service mill rate of 2.809 will expire at that time.

TOWN OF AVON CURRENT OUTSTANDING DEBT							
Series / Year of Issue	Type of Issue	Original Purpose	Amount Issued	Term	Interest Rate	Amount Outstanding 12/31/15	Maturity Date
Series 2004	G.O. Refunding	Roundabouts	\$3,656,173	20 years	3.00% - 4.00%	\$515,000	12/01/2016
Series 2010	Certificates of Participation	<b>New Money</b> - 30% Local match for Avon Regional Transit Facility; <b>Refunding</b> - Refund of	\$6,825,000	20 years	2.00% - 3.25%	\$6,200,000	12/1/2018
Series 2013	URA Tax Increment Revenue Bonds	Construction of Lake Street	\$6,680,000	15 years	3.52%	\$5,435,000	12/1/2028
Series 2014A	Certificates of Participation	Street Improvements	\$3,800,000	15 years	3.03%	\$3,585,000	12/1/2029
TOTAL			\$20,961,173			\$15,735,000	
<b>2014 Statistics</b>			<b>2005 Statistics</b>				
Legal Debt Limit - \$41,683,695			Legal Debt Limit - \$38,236,245				
Total Debt Applicable to the limit as a percentage of legal Debt Limit - 2.41%			Total Debt Applicable to the limit as a percentage of legal Debt Limit - 13.55%				
Debt per capita - \$2,194			Debt per capita - \$2,427				



**TOWN OF AVON, COLORADO**  
**OUTSTANDING DEBT BY TYPE**

Fiscal Year	Governmental Activities					
	General	Special	Revenue	Certificates	Loans	Capital
	Obligation	Assessment		of		
Bonds	Bonds	Bonds	Participation	Leases		
1997	\$ 8,196,815	\$ 430,000	\$ 5,010,000	\$ -	\$ -	\$ 575,583
1998	11,997,136	355,000	4,820,000	-	-	811,321
1999	11,420,082	300,000	5,210,000	1,713,750	-	900,306
2000	10,814,047	245,000	4,935,000	1,653,750	-	458,195
2001	10,219,023	195,000	4,655,000	1,592,500	-	279,857
2002	9,480,000	140,000	4,360,000	1,530,000	-	172,307
2003	8,725,000	100,000	4,065,000	1,462,500	-	439,169
2004	8,136,173	50,000	3,760,000	1,393,750	-	397,148
2005	7,282,075	-	3,440,000	1,321,250	-	380,007
2006	6,393,774	-	3,110,000	1,245,000	-	427,307
2007	5,466,798	-	2,770,000	1,166,250	-	820,870
2008	4,496,127	-	27,420,000	1,083,750	-	665,176
2009	3,670,000	-	2,050,000	997,500	7,075,000	503,368
2010	2,805,000	-	1,670,000	3,310,000	6,825,000	335,205
2011	2,380,000	-	1,275,000	3,195,000	6,565,000	420,063
2012	1,935,000	-	870,000	3,075,000	6,295,000	476,227
2013	1,480,000	-	7,270,000	2,950,000	-	516,378
2014	1,005,000	-	6,520,000	2,825,000	-	547,990
2015	515,000	-	6,200,000	6,280,000	-	438,024

Fiscal Year	Business-Type Activities				
	Certificates	Capital	Total	Percentage	Per
	of				
Participation	Leases	Government	Income	Capita	
1997	\$ -	\$ -	\$ 14,212,398	16.62%	\$ 5,252
1998	7,085,000	205,238	17,983,457	1.38%	6,453
1999	5,141,250	251,267	24,936,655	1.78%	8,537
2000	7,306,250	207,578	25,619,820	1.62%	4,607
2001	7,052,500	161,751	24,155,631	1.44%	3,968
2002	6,790,000	113,548	22,585,855	1.34%	3,705
2003	6,512,500	75,376	21,379,545	1.22%	3,173
2004	4,181,250	15,959	17,934,280	0.93%	2,645
2005	3,963,750	19,023	16,406,105	0.78%	2,427
2006	3,735,000	54,549	14,965,630	0.63%	2,208
2007	3,498,750	44,243	13,766,911	0.51%	2,013
2008	3,251,250	32,822	36,949,125	1.39%	5,340
2009	2,992,500	20,954	17,309,323	0.69%	2,576
2010	3,370,000	8,621	18,323,826	0.73%	2,842
2011	3,255,000	377,753	17,467,816	0.70%	2,465
2012	3,130,000	326,774	16,108,001	0.64%	2,520
2013	3,005,000	303,251	15,524,629	0.62%	2,430
2014	2,875,000	244,259	14,017,249	0.56%	2,187
2015	2,740,000	185,938	16,358,962	0.65%	2,552