TOWN OF VAIL

Financial Statements
December 31, 2016

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Town of Vail, Colorado
Financial Report
December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

M & A

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Members of Town Council
Town of Vail, Colorado
Vail, Colorado

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vail, Colorado as of December 31, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing procedures generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements taken as a whole. The accompanying supplementary information in section F (including individual fund budgetary schedules, combining internal service fund statements, budgetary schedules for project expenditures, and the *Local Highway Finance Report*) and section G (the Town's *Undertaking to Provide Continuing Disclosure*) is presented for the purpose of additional analysis and are not a required part of the Town's basic financial statements. The supplementary information in sections F and G is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in section F has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in section F is fairly stated in all material aspects in relation to the financial statements as a whole. The information included in the Town's *Undertaking to Provide Continuing Disclosure* in section G has not been subjected to the auditing procedures applied in the audit of the Town's basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 31, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

Town of Vail, Colorado
Management's Discussion and Analysis
December 31, 2016

As management of the Town of Vail, Colorado (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the 2016 fiscal year by $229,720,271 (net assets). Of this amount, $1,977,900 is restricted for TABOR emergency reserves and $14,527,420 is restricted by enabling legislation.
- The Town's total net assets increased in the 2016 fiscal year by $12,522,256 which was attributable to an increase from governmental activities of $11,954,957 and an increase of $567,299 from business-type activities.
- At December 31, 2016, the fund balance of the General Fund was $27,300,260. Of that amount, $1,880,900 was restricted for TABOR emergency reserves.

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

The Statement of Net Position presents information on the Town'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 government'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. uncollected grant revenues or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) and those that are supported by external revenues (business-type activities). The governmental activities of the Town include general government, public safety, public works, transportation, and economic development. The business-type activities of the Town consist of housing conducted through Timber Ridge Apartments, and dispatch services, conducted through Vail Public Safety Communications (both enterprise funds of the Town).

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate marketing district (Vail Local Marketing District) and a legally separate urban renewal authority (Vail Reinvestment Authority). Because these component units function for all practical purposes as departments of the Town, their financial position and activities have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is an accounting entity that has a set of self-balancing accounts that records all financial transactions for specific activities or governmental functions. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments' near-term financing decisions. Both the governmental fund Balance Sheet and the governmental Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town's governmental funds include the General Fund, Debt Service Fund, Capital Projects Fund and three Special Revenue Funds – Real Estate Transfer Tax Fund, Vail Marketing Fund and Conference Center Fund – as well as the Vail Local Marketing District and the Vail Reinvestment Authority, which are component units of the Town.

The Town adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statute.

The basic governmental fund financial statements can be found on pages C3 and C4 of this report.

Proprietary Funds: The Town reports two categories of proprietary funds – Internal Service and Enterprise. The Heavy Equipment Fund and Health Insurance Fund are internal service funds, while Timber Ridge and the Dispatch Services Fund are reported as enterprise funds. As their name implies, the internal service funds provide services to the Town's governmental activities. Timber Ridge provides affordable rental housing to people who work in Vail and the Dispatch Services Fund provides dispatch services to emergencies service agencies throughout Eagle County. Enterprise fund functions are presented as business-type 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 basic proprietary fund financial statements can be found on pages C5 through C7 of this report. The Town also presents a budgetary comparison for its proprietary funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements, for the Town's pension plan, can be found on pages C8 and C9 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 D1 through D26 of this report.

Overview of the Financial Statements (continued)

Government-wide Financial Analysis: As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental assets exceeded liabilities by $225,007,635 at the close of the most recent fiscal year. Approximately 58% of the Town's net assets are invested in capital assets (land, buildings, equipment), less related outstanding debt. Since the Town uses these capital assets to provide services to citizens, these assets are not available for future spending, including provision of resources to repay the debt.

The table below shows the Town's net position for 2016 and 2015.

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Current and Other Assets	$106,662,729	$105,904,688	$(5,890,603)	$(6,736,181)	$100,772,126	$99,168,507
Capital Assets	140,474,243	128,364,672	10,890,172	11,163,660	151,364,415	139,528,332
Total Assets	247,136,972	234,269,360	4,999,569	4,427,479	252,136,541	238,696,839
Long-term Liabilities Outstanding	9,802,833	10,181,795	54,668	43,851	9,857,051	10,225,646
Other Liabilities	7,663,110	6,346,954	232,265	238,291	7,895,375	6,585,245
Total Liabilities	17,465,492	16,528,749	286,933	282,142	17,752,425	16,810,891
Deferred Inflows	4,663,845	4,687,933	-	-	4,663,845	4,687,933
Net Position:						
Invested in capital assets, net of related debt	131,148,580	118,533,472	3,044,284	2,860,782	134,192,864	121,394,254
Restricted	16,505,320	24,085,706	-	-	16,505,320	24,085,706
Unrestricted	77,353,735	70,433,500	1,668,352	1,284,555	79,022,087	71,718,055
Total Net Position	$225,007,635	$213,052,678	$4,712,636	$4,145,337	$229,720,271	$217,198,015

The Town's current assets from governmental activities and capital assets increased mainly due to an increase in cash and investments and a significant investment in capital assets. Major construction projects during 2016 included a major remodel of the Vail Golf and Nordic Clubhouse, the I-70 Underpass project, redevelopment of Booth Creek Park, renovation of the East Vail Fire Station, and pedestrian safety enhancements.

The Town's long-term liabilities from governmental activities decreased due to scheduled principal payments on Vail Reinvestment Authority's outstanding debt. The Authority's 2010A and 2010B Tax Increment Bonds will be retired in 2018 and 2030, respectively.

The Timber Ridge Enterprise Fund notes payable to the Town mature in 2032 and 2033. They are reported as "internal balances" in the government-wide presentation on page C1. Details of the promissory notes due from the Timber Ridge Enterprise Fund are found in note IV.F of this report.

Overview of the Financial Statements (continued)

The chart below provides financial information from the Town's Statement of Activities for the years 2016 and 2015.

Town of Vail's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue:						
Program Revenue						
Charges for services	$ 9,310,833	$ 9,498,525	$ 3,293,234	$ 3,128,085	$ 12,604,067	$ 12,626,610
Operating grants	2,335,383	5,055,454	770,740	797,382	3,106,123	5,852,836
Capital grants	195,032	192,896	-	-	195,032	192,896
General Revenue						
Property and ownership tax	8,879,103	8,232,968	-	-	8,879,103	8,232,968
Sales and lodging tax	31,884,921	31,882,323	-	-	31,884,921	31,882,323
Other taxes	13,037,850	12,887,582	-	-	13,037,850	12,887,582
Interest and other revenue	1,057,927	1,573,173	28,865	16,410	1,086,792	1,589,583
Transfers	-	(22,338)	-	22,338	-	-
Total Revenue	66,701,049	69,300,583	4,092,839	3,964,215	70,793,888	73,264,798
Expenses:						
General government	7,527,645	7,016,016	-	-	7,527,645	7,016,016
Public safety	10,549,407	9,909,708	2,574,483	2,646,172	13,123,890	12,555,880
Public works and transportation	19,216,959	18,356,607	-	-	19,216,959	18,356,607
Culture and recreation	10,190,109	9,388,202	-	-	10,190,109	9,388,202
Economic development	6,703,946	6,722,840	-	-	6,703,946	6,722,840
Housing	-	-	951,057	1,045,298	951,057	1,045,298
Interest	558,026	569,568	-	-	558,026	569,568
Total Expenses	54,746,092	51,962,941	3,525,540	3,691,470	58,271,632	55,654,411
Change in Net Position	11,954,957	17,337,642	567,299	272,745	12,522,256	17,610,387
Net Position January 1	213,052,678	196,776,421	4,145,337	3,872,592	217,198,015	200,649,013
Restatement of Capital Assets		(1,061,385)	-	-	-	(1,061,385)
Net Position January 1 (Restated)	213,052,678	195,715,036	4,145,337	3,872,592	217,198,015	199,587,628
Net Position December 31	$ 225,007,635	$ 213,052,678	$ 4,712,636	$ 4,145,337	$ 229,720,271	$ 217,198,015

Governmental Activities: Governmental activities increased the Town's net assets by $11,954,957. The following items represent other significant governmental activities during 2016:

- Revenue collections of sales tax with an increase over prior year of $504,000, respectively.
- Property and ownership Tax revenue increased $646,135 over the prior year.
- Increased visitation in the both summer and winter resulted in increased skier lift tax collections, up $269,000 and increased parking revenue from both parking passes and daily parking fees, up a total of $281,000 from the prior year.
- Long-term liabilities were reduced by $500,000 through principal repayments.

Overview of the Financial Statements (continued)

Business-type Activities: Business-type activities are comprised of Timber Ridge Enterprise Fund, a fund providing affordable housing to people working in Vail, and Vail Public Safety Communications Center, an enterprise fund providing dispatch services to emergency service agencies throughout Eagle County.

Financial Analysis of the Town's Funds

As previously mentioned, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $89,555,750 an increase of $394,063 from the prior year's ending fund balances primarily as a result of record sales tax collections. The following details ending fund balances for the past five years:

Fund	2012	2013	2014	2015	2016
General Fund	$ 23,403,652	$ 16,401,973	$ 19,687,223	$ 23,622,509	$ 27,300,260
Capital Projects Fund	19,402,790	25,769,300	30,409,349	40,542,297	44,836,870
Real Estate Transfer Tax	16,427,967	16,848,758	16,282,049	17,797,519	11,256,285
Conference Center Fund	7,719,784	1,942,890	1,962,353	-	-
Vail Marketing Fund	173,975	185,851	196,757	203,263	259,452
Vail Local Marketing District	1,295,690	1,413,521	1,361,593	1,552,198	1,590,734
Debt Service Fund	21,271	21,311	-	-	-
Vail Reinvestment Authority	6,736,211	6,851,969	5,924,250	5,443,901	4,312,149
Total	$ 75,181,340	$ 69,435,573	$ 75,823,574	$ 89,161,687	$ 89,555,750

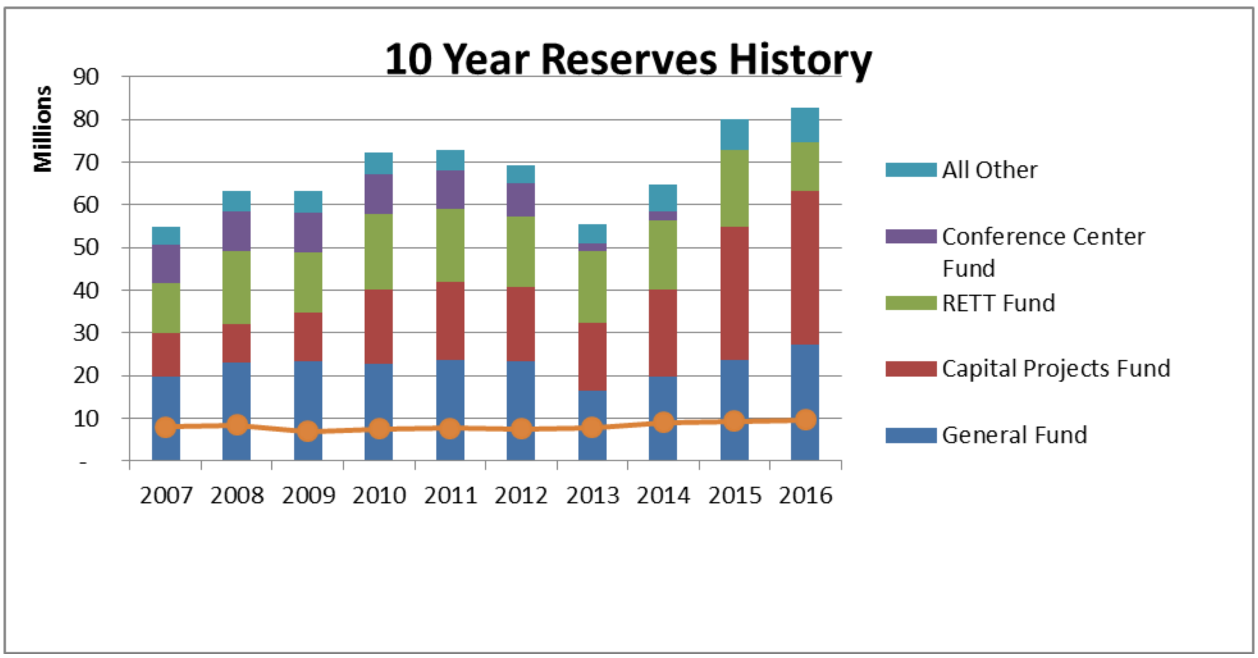
The General Fund balance grew steadily in the years prior to 2011 and 2012, when reserves were used to cash-fund construction of a new West Vail Fire Station. In 2013, a 9.7% increase in sales tax collections helped to offset an $8M investment in Timber Ridge funded by the General Fund reserves. During 2014 and 2015 the General Fund saw large increases in reserves of $3.3M and $3.9M due to increases in sales tax collections, construction activity, parking, and lift tax. In 2016, the General Fund balance increased by $3.7M from prior year in part due to increases is sales tax, parking revenue, property taxes, and lift tax. Expenditure savings of $2.4M also contributed to the increase in reserves. Although sales tax collections began to level off from previous year over year increases, sales tax collections still reached $25.7M, a 2.5% increase over 2015 with the summer months (May- Oct) experiencing a 7.8% increase over prior year. Property taxes increased nearly 12%, parking sales increased 5.7%, and ski lift tax increased 5.7%. Reserve levels in the Capital Projects Fund and RETT Fund normally fluctuate as funds are spent on major projects. RETT revenue collections decreased slightly from prior year by 1.8%, however the reason reserves decreased by $6.5M is due to the completion of several major capital projects such as the Vail Golf and Nordic Clubhouse, Booth Creek Park redevelopment, and the pickleball sports courts at Chalet Road. The Capital Projects Fund experienced a slight decrease in revenues from prior year due to overall decreases in construction activity offset by sales tax collections. Although the town spent $12.1M on capital projects during the year, the Capital Projects Fund reserves increased by $4.7M.

Financial Analysis of the Town's Funds (continued)

The Conference Center Fund was created in 2003 to administer the sales and public accommodations taxes that went into effect on January 1, 2003 for the purpose of building and operating a conference center in the Town. However, the Conference Center taxes were rescinded as of January 1, 2006 In November, 2011 voters approved use of these funds for improvements to Vail's recreational and cultural facilities. All three capital projects have been completed: the Ford Park athletic fields, improvements to the Gerald R. Ford amphitheater and a major renovation of the clubhouse at the Vail Golf and Nordic Clubhouse. . At December 31, 2015 the Conference Center Fund was depleted.

The Vail Reinvestment Authority (VRA) was added in 2004 to administer an urban renewal authority established in the Lionshead area of the Town. The incremental property taxes generated $3.9M in 2016, providing a funding mechanism for capital improvements within the district by covering annual debt service payments of $1.1M relating to $11.9M in bonds issued in 2010. The bonds have funded several projects including a new Transit and Welcome Center, a remodel of the Vail Public Library, and improvements to both the east and west portals into Lionshead Village. Other capital projects within the district have been funded from annual tax increment collections such as Sun Bird Park, reconstruction of the Lionshead parking entry, Zeke M. Pierce Skate Park, and the new I-70 Underpass. As of December 31, 2016, the I-70 underpass was scheduled to be completed in 2017. The bonds are scheduled to be paid off by 2030, when the district will expire.

Over the last five years the town's strong reserve levels have enabled Town Council to cash-fund all capital projects. While reserves at the end of 2016 were at an all time high of $82.7M, they are expected to decrease to $44.1M in 2017 with currently ongoing projects. $17.7 million will be replenished during 2018 from sales of housing units at Chamonix Housing Development for a projected ending balance of $61.8M in 2018.



Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In January, 2014 the Town added the Timber Ridge Enterprise Fund to reflect the transfer of all assets and liabilities of the Timber Ridge Affordable Housing Corporation. Operations of the Timber Ridge housing project are now reported within this enterprise fund of the town. In September, 2014 the Corporation was administratively dissolved.

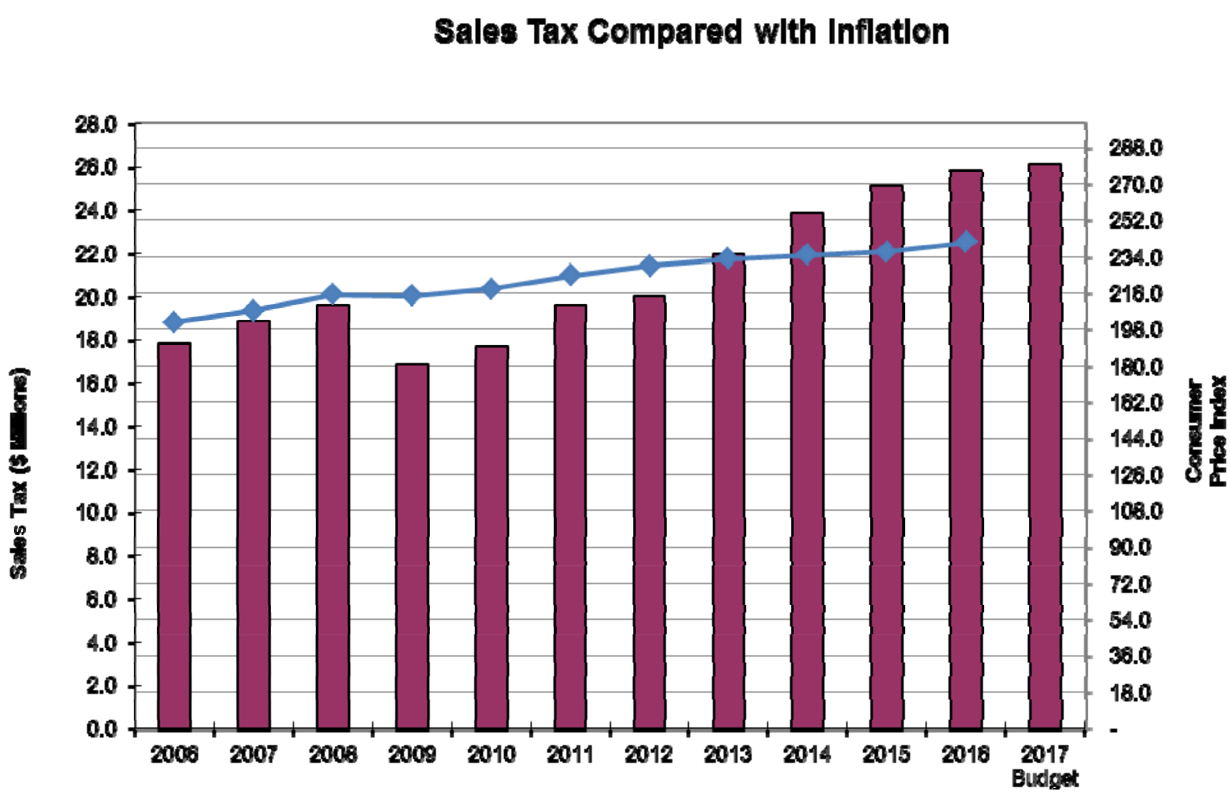
Unrestricted net assets for the Heavy Equipment Fund, Timber Ridge Enterprise Fund, and the Dispatch Services Fund at the end of the year were $2,087,886; $225,605; and $1,442,747, respectively. The Health Insurance Fund net assets were $3,443,810, all of which are restricted for the Town's self-funded health insurance program.

Financial Analysis of the Town's Funds (continued)

Budget Variances in the General Fund: General Fund revenue was higher than the amended budget by $1,264,008 or 3.4%, mainly due to increased parking revenue (up 23.8%), ski lift tax collections (up 6.5% from budget), , and construction fees (up 26.1%). Expenditures were below budget by $3,681,085 or 10.0% due to staffing vacancies and operations savings resulting from conservative spending by town departments.

Capital Assets: The Town's government-wide capital assets, net of accumulated depreciation, increased by $11,836,083 in 2016. Capital additions included completion of the Chalet Road Sport Courts, the redevelopment of Booth Creek Park, continuation major renovation of the Vail Golf and Nordic Clubhouse, and the renovation of the East Vail Fire station. Additional information, as well as a detailed classification of the Town's net capital assets, can be found in the Notes to the Financial Statements in footnote IV.C of this report. **Long-term Debt:** As of the end of the current fiscal year, the Vail Reinvestment Authority had $9,305,000 of tax increment bonds outstanding, of which $515,000 of bond principal is due within one year. Additional information regarding the Authority's debt can be found in the Notes to the Financial Statements in footnote IV.G of this report.

Sales Tax: During 2016, the Town had a 4% general sales tax to support governmental operations, including capital expenditures. The following chart shows changes in the general sales tax for the past ten years. The Town experienced record collections in 11 out of 12 months during the year, with total collections up 2.5% from the prior year.



Next Year's Budget and Rates: The Town's General Fund balance at the end of the current fiscal year was $27,300,260; representing 71% of annual revenue.

Request for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Town of Vail, Finance Director, 75 S. Frontage Road, Vail, Colorado 81657.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Vail, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	75,885,999	1,564,999	77,450,998
Unrestricted cash and investments	7,515,918	956,666	8,472,584
Cash - restricted	1,689,576	78,936	1,768,512
Receivables (net of allowance for uncollectible accounts):			
Property taxes assessed	4,663,844	-	4,663,844
Other taxes	6,550,067	-	6,550,067
Other governments	190,425	-	190,425
Other	458,215	5,857	464,072
Inventory	266,174	-	266,174
Prepaid expenses	7,173	320	7,493
Interest receivable	43,417	-	43,417
Internal balances	8,846,456	(8,846,456)	-
Rent receivable	-	349,075	349,075
Loans receivable:			
Collectible in more than one year	545,466	-	545,466
Capital assets not being depreciated	29,520,682	4,399,500	33,920,182
Capital assets being depreciated, net of accumulated depreciation	110,953,561	6,490,672	117,444,233
Total Assets	247,136,973	4,999,569	252,136,542
Liabilities:			
Accounts payable	2,622,708	48,128	2,670,836
Due to other governments	394,429	-	394,429
Retainage payable	620,442	-	620,442
Accrued salaries and wages	341,460	37,032	378,492
Interest payable	45,185	43,415	88,600
Other unearned revenue	2,350,805	1,327	2,352,132
Deposits payable	205,977	78,934	284,911
Compensated absences:			
Due within one year	567,103	23,429	590,532
Due in more than one year	991,720	54,668	1,046,388
Bonds payable:			
Due within one year	515,000	-	515,000
Due in more than one year	8,810,663	-	8,810,663
Total Liabilities	17,465,492	286,933	17,752,425
Deferred Inflow of Resources:			
Unavailable property taxes	4,663,845	-	4,663,845
Total Deferred Inflow of Resources	4,663,845	-	4,663,845
Net Position:			
Net investment in capital assets	131,148,580	2,943,716	134,092,296
Restricted for:			
Emergencies	1,977,900	-	1,977,900
Other purposes	14,527,420	-	14,527,420
Unrestricted	77,353,735	1,768,920	79,122,655
Total Net Position	225,007,635	4,712,636	229,720,271

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

Town of Vail, Colorado
Statement of Activies
For the Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities:							
General government	7,527,645	3,126,889	1,202,608	-	(3,198,148)		(3,198,148)
Public safety	10,549,407	268,846	-	-	(10,280,561)		(10,280,561)
Public work and transportation	19,216,959	5,368,265	928,942	26,786	(12,892,966)		(12,892,966)
Culture and recreation	10,190,109	163,301	203,833	-	(9,822,975)		(9,822,975)
Economic development	6,703,946	383,532	-	168,246	(6,152,168)		(6,152,168)
Interest on long-term debt	558,026	-	-	-	(558,026)		(558,026)
Total Governmental Activities	54,746,092	9,310,833	2,335,383	195,032	(42,904,844)		(42,904,844)
Business-type Activities:							
Dispatch services	2,574,483	1,839,177	770,740	-		35,434	35,434
Housing (Timber Ridge)	951,057	1,454,057	-	-		503,000	503,000
Total Business-type Activities	3,525,540	3,293,234	770,740	-		538,434	538,434
Totals	58,271,632	12,604,067	3,106,123	195,032	(42,904,844)	538,434	(42,366,410)
General Revenues:							
Taxes:							
Sales and use taxes					28,686,296	-	28,686,296
Real estate transfer taxes					6,843,355	-	6,843,355
Lodging taxes					3,198,625	-	3,198,625
Property and specific ownership taxes					8,879,103	-	8,879,103
Ski area lift ticket admissions tax					5,032,970	-	5,032,970
Franchise taxes					1,086,149	-	1,086,149
Cigarette taxes					75,376	-	75,376
Investment earnings					323,541	1,818	325,359
Gain (loss) on disposal of capital assets					(173,357)	-	(173,357)
Miscellaneous					907,743	27,047	934,790
Total General Revenues and Transfers					54,859,801	28,865	54,888,666
Change in Net Position					11,954,957	567,299	12,522,256
Net Position - January 1					213,052,678	4,145,337	217,198,015
Net Position - December 31					225,007,635	4,712,636	229,720,271

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

FUND FINANCIAL STATEMENTS

Town of Vail, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Real Estate Transfer Tax Fund	Conference Center Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Total Governmental Funds
Assets:								
Equity in pooled cash and investments	21,899,479	11,290,854	-	334,320	-	-	36,372,956	69,897,609
Cash and cash equivalents - Unrestricted	14,071	-	-	-	1,056,887	6,444,960	-	7,515,918
Cash and cash equivalents - Restricted	-	-	-	-	-	1,415,782	-	1,415,782
Receivables, net of allowance for uncollectible accounts:								
Property taxes assessed	4,663,844	-	-	-	-	-	-	4,663,844
Other taxes	5,837,675	120,436	-	-	578,565	-	13,391	6,550,067
Other governments	190,425	-	-	-	-	-	-	190,425
Other	-	260,542	-	-	-	-	196,408	456,950
Due from other funds	-	294,664	-	-	-	-	3,251,399	3,546,063
Loans receivable	545,466	-	-	-	-	-	8,846,456	9,391,922
Prepaid expenses	3,300	-	-	-	3,873	-	-	7,173
Total Assets	33,154,260	11,966,496	-	334,320	1,639,325	7,860,742	48,680,610	103,635,753
Liabilities and Fund Equity:								
Liabilities:								
Accounts payable	536,676	160,891	-	-	48,591	2,530	1,227,671	1,976,359
Due to other governments	885	1,313	-	-	-		392,231	394,429
Due to other funds	-	-	-	-	-	3,546,063	-	3,546,063
Retainage payable	-	466,000	-	-	-	-	154,442	620,442
Accrued payroll and related liabilities	322,083	-	-	-	-	-	-	322,083
Unearned revenue	124,534	82,007	-	74,868	-	-	2,069,396	2,350,805
Deposits payable	205,977	-	-	-	-	-	-	205,977
Total Liabilities	1,190,155	710,211	-	74,868	48,591	3,548,593	3,843,740	9,416,158
Deferred Inflows of Resources:								
Property taxes	4,663,845	-	-	-	-	-	-	4,663,845
Total Deferred Inflows of Resources	4,663,845	-	-	-	-	-	-	4,663,845
Fund Balances:								
Non-spendable	548,766	-	-	-	3,873	-	8,846,456	9,399,095
Restricted	1,996,216	11,256,285	-	259,452	97,000	2,896,367	-	16,505,320
Committed	9,757,476	-	-	-	1,489,861	-	31,730,894	42,978,231
Assigned	-	-	-	-	-	1,415,782	4,259,520	5,675,302
Unassigned	14,997,802	-	-	-	-	-	-	14,997,802
Total Fund Balances	27,300,260	11,256,285	-	259,452	1,590,734	4,312,149	44,836,870	89,555,750
Total Liabilities and Fund Balances	33,154,260	11,966,496	-	334,320	1,639,325	7,860,742	48,680,610	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	136,438,755
Other long-term assets and unearned charges are not available for current period expenditures and, therefore, are not reported in the funds.	317,209
Internal service funds are used by management to charge the costs of heavy equipment and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	9,567,184
Long-term liabilities, including bonds payable, interest payable, and compensated absences within governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,871,263)
Net Position of Governmental Activities	225,007,635

Town of Vail, Colorado
Statement of Revenues, Expenditures Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Real Estate Transfer Tax Fund	Conference Center Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Total Governmental Funds
Revenues:								
Taxes	26,972,013	6,843,356	-	-	3,198,625	3,959,506	11,912,793	52,886,293
Permits and licenses	1,672,684	-	-	383,532	-	-	-	2,056,216
Intergovernmental revenue	2,065,278	29,658	-	-	-	-	150,856	2,245,792
Charges for services	7,471,910	145,835	-	-	-	-	165,890	7,783,635
Investment income	83,624	47,876	-	793	390	2,062	184,147	318,892
Interest subsidy	-	-	-	-	-	168,246	-	168,246
Miscellaneous	181,178	1,330,609	-	-	1,332	-	808,122	2,321,241
Total Revenues	38,446,687	8,397,334	-	384,325	3,200,347	4,129,814	13,221,808	67,780,315
Expenditures:								
General government	7,251,660	-	-	-	-	-	-	7,251,660
Public safety	9,623,838	201,638	-	-	-	-	-	9,825,476
Public works and transportation	13,997,058	12,844,327	-	-	-	-	12,178,634	39,020,019
Culture and recreation	1,192,863	2,187,267	-	-	-	-	-	3,380,130
Economic development	2,708,603	-	-	328,136	3,161,811	650,575	-	6,849,125
Debt service:								
Principal	-	-	-	-	-	500,000	-	500,000
Interest	-	-	-	-	-	564,928	-	564,928
Total Expenditures	34,774,022	15,233,232	-	328,136	3,161,811	1,715,503	12,178,634	67,391,338
Excess (Deficiency) of Revenues Over Expenditures	3,672,665	(6,835,898)	-	56,189	38,536	2,414,311	1,043,174	388,977
Other Financing Sources (Uses):								
Sale of assets	5,086	-	-	-	-	-	-	5,086
Transfers in	-	294,664	-	-	-	-	3,251,399	3,546,063
Transfers (out)	-	-	-	-	-	(3,546,063)	-	(3,546,063)
Total Other Financing Sources (Uses)	5,086	294,664	-	-	-	(3,546,063)	3,251,399	5,086
Net Change in Fund Balances	3,677,751	(6,541,234)	-	56,189	38,536	(1,131,752)	4,294,573	394,063
Fund Balances - January 1	23,622,509	17,797,519	-	203,263	1,552,198	5,443,901	40,542,297	89,161,687
Fund Balances - December 31	27,300,260	11,256,285	-	259,452	1,590,734	4,312,149	44,836,870	89,555,750

Net Change in Fund Balances of Governmental Funds	394,063
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense, net of disposals for the year.	11,902,136
Internal service funds are used by management to charge the cost of heavy equipment and health insurance to individual funds. This is the amount of internal service fund change in net position for the year.	479,436
Repayment of bond and lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	500,000
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,184,534)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(136,144)
Change in Net Position of Governmental Activities	11,954,957

The accompanying notes are in integral part of these financial statements.

Town of Vail, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2016

	Business-type Activities			
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	Governmental Activities - Internal Service Funds
Assets:				
Current Assets:				
Equity in pooled cash and investments	-	1,564,999	1,564,999	5,988,390
Cash and cash equivalents - Unrestricted	956,666	-	956,666	-
Accounts receivable, net of allowance for uncollectibles	5,857	-	5,857	1,265
Inventory	-	-	-	266,174
Prepaid expenses	320	-	320	-
Total Current Assets	962,843	1,564,999	2,527,842	6,255,829
Non-current Assets:				
Cash and cash equivalents - Restricted	78,936	-	78,936	-
Rent receivable	349,075	-	349,075	-
Property, plant, and equipment, net of accumulated depreciation	10,275,220	614,952	10,890,172	4,035,488
Total Non-current Assets	10,703,231	614,952	11,318,183	4,035,488
Total Assets	11,666,074	2,179,951	13,846,025	10,291,317
Liabilities:				
Current Liabilities:				
Accounts payable	41,573	6,555	48,128	646,349
Deposits payable	78,934	-	78,934	-
Unearned revenue	1,327	-	1,327	-
Accrued interest payable	43,415	-	43,415	-
Accrued salaries and wages	-	37,032	37,032	19,377
Current portion of compensated absences	-	23,429	23,429	17,522
Total Current Liabilities	165,249	67,016	232,265	683,248
Non-current Liabilities:				
Notes payable	8,846,456	-	8,846,456	-
Compensated absences, net of current portion	-	54,668	54,668	40,885
Total Non-current Liabilities	8,846,456	54,668	8,901,124	40,885
Total Liabilities	9,011,705	121,684	9,133,389	724,133
Net Position:				
Net investment in capital assets	2,328,764	614,952	2,943,716	4,035,488
Unrestricted	325,605	1,443,315	1,768,920	5,531,696
Total Net Position	2,654,369	2,058,267	4,712,636	9,567,184

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

Town of Vail, Colorado
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2016

	Business-type Activities			
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	Governmental Activities - Internal Service Funds
Operating Revenues:				
Charges for services - Internal	-	663,214	663,214	6,368,208
Charges for services - External	-	1,175,963	1,175,963	677,553
Rent	1,298,908	-	1,298,908	-
Ground lease	155,149	-	155,149	-
Insurance reimbursements	-	-	-	48,364
Other	27,047	28,112	55,159	13,069
Total Operating Revenues	1,481,104	1,867,289	3,348,393	7,107,194
Operating Expenses:				
Operations	490,178	2,421,395	2,911,573	2,323,463
Health claims and premiums	-	-	-	3,770,315
Depreciation	327,737	153,087	480,824	738,022
Total Operating Expenses	817,915	2,574,482	3,392,397	6,831,800
Operating Income (Loss)	663,189	(707,193)	(44,004)	275,394
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	-	742,627	742,627	-
Gain (loss) on disposal of assets	-	-	-	20,859
Investment income	766	1,052	1,818	6,876
Interest expense	(133,142)	-	(133,142)	-
Total Non-Operating Revenues (Expenses)	(132,376)	743,679	611,303	27,735
Income (Loss) Before Capital Contributions	530,813	36,486	567,299	303,129
Capital Contributions, Net	-	-	-	176,307
Change in Net Position	530,813	36,486	567,299	479,436
Net Position - January 1	2,123,556	2,021,781	4,145,337	9,087,748
Net Position - December 31	2,654,369	2,058,267	4,712,636	9,567,184

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

Town of Vail, Colorado
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2016

	Business-type Activities			
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities:				
Cash received from other funds	-	663,214	663,214	6,368,208
Cash received from tenants for rent	1,296,239	-	1,296,239	-
Cash received from (refunded to) tenants for security deposits, net	(1,411)	-	(1,411)	-
Other cash receipts	36,932	1,341,287	1,378,219	845,365
Cash paid for goods and services	(463,714)	(473,428)	(937,142)	(4,890,365)
Cash paid to employees	-	(1,963,320)	(1,963,320)	(1,056,214)
Net Cash Provided (Used) by Operating Activities	868,046	(432,247)	435,799	1,266,994
Cash Flows From Non-Capital Financing Activities:				
Transfer from (to) other funds	(356,423)	-	(356,423)	-
Cash received from operating grants	-	742,627	742,627	-
Net Cash Provided by Non-Capital Financing Activities	(356,423)	742,627	386,204	-
Cash Flows From Capital and Related Financing Activities:				
Cash received on disposal of fixed assets	-	-	-	44,160
Interest paid	(135,370)	-	(135,370)	-
Acquisition and construction of capital assets	(207,337)	-	(207,337)	(792,451)
Net Cash (Used) by Capital and Related Financing Activities	(342,707)	-	(342,707)	(748,291)
Cash Flows From Investing Activities:				
Interest on investments	766	1,052	1,818	6,876
Net Cash Provided by Investing Activities	766	1,052	1,818	6,876
Net Increase (Decrease) in Cash and Cash Equivalents	169,682	311,432	481,114	525,579
Cash and Cash Equivalents - January 1	865,920	1,253,567	2,119,487	5,462,811
Cash and Cash Equivalents - December 31	1,035,602	1,564,999	2,600,601	5,988,390
Cash and Cash Equivalents at December 31 is Comprised of:				
Equity in pooled cash and investments	-	1,564,999	1,564,999	5,988,390
Cash and cash equivalents - Unrestricted	956,666	-	956,666	-
Cash and cash equivalents - Restricted	78,936	-	78,936	-
Total - Cash and Cash Equivalents	1,035,602	1,564,999	2,600,601	5,988,390
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income/(Loss)	663,189	(707,193)	(44,004)	275,394
Adjustments:				
Depreciation	327,737	153,087	480,824	738,022
(Increase) decrease in accounts receivable	9,885	137,212	147,097	106,379
(Increase) decrease in rent receivable	(155,149)	-	(155,149)	-
(Increase) decrease in inventory	-	-	-	(3,746)
(Increase) decrease in prepaid expenses	11	-	11	-
Increase (decrease) in accounts payable	(6,622)	(3,668)	(10,290)	169,673
Increase (decrease) in tenant security deposits	(1,411)	-	(1,411)	-
Increase (decrease) in prepaid rent	(2,669)	-	(2,669)	-
Increase (decrease) in other liabilities	33,075	(1,000)	32,075	(5,368)
Increase (decreases) in accrued wages and benefits	-	(10,685)	(10,685)	(13,360)
Total Adjustments	204,857	274,946	479,803	991,600
Net Cash Provided (Used) by Operating Activities	868,046	(432,247)	435,799	1,266,994

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

Town of Vail, Colorado
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2016

	Pension Trust	Deferred Compensation Plan
Assets:		
Cash and investments - Restricted	61,812,065	14,435,508
Accounts receivable	700	-
Loans to participants	471,513	-
Total Assets	62,284,278	14,435,508
Net Position:		
Held in trust for pension benefits and other purposes	62,284,278	14,435,508
Total Net Position	62,284,278	14,435,508

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

Town of Vail, Colorado
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2016

	Pension Trust	Deferred Compensation Plan
Additions:		
Contributions	3,068,471	790,681
Investment income (loss)	4,826,034	994,264
Total Additions	7,894,505	1,784,945
Deductions:		
Professional fees	5,093	414
Benefits paid	1,934,707	644,196
Total Deductions	1,939,800	644,610
Change in Net Position	5,954,705	1,140,335
Net Position - January 1	56,329,573	13,295,173
Net Position - December 31	62,284,278	14,435,508

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Town of Vail, Colorado (the "Town") was incorporated in 1972, under the provisions of Article XX of the Colorado Constitution and Municipal Home Rule Act of 1971. The Town operates under a Council-Manager form of government. The Town's major operations include public safety, public works and transportation, culture and recreation, economic development, administration (general government), and housing.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The accompanying financial statements present the primary government and its component units; entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. There are two blended component units reported in the Town's financial statements: Vail Local Marketing District (the "District"), and Vail Reinvestment Authority (the "Authority"). The financial statements of these entities can be obtained from the Town's administrative offices. A third blended component unit, Town of Vail General Improvement District No. 1, is a dormant entity and, therefore, has no financial statements to report.

1. Vail Local Marketing District

The District was authorized on November 2, 1999 by a general election that established a 1.4% tax on lodging within the Town's boundaries, beginning January 1, 2000. Proceeds from the tax are to be used for organization, management, promotion, and marketing of public events, for business recruitment, and for tourism promotion. Town Council members also act as the District's Board of Directors. The District is reported as a special revenue fund.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

2. Vail Reinvestment Authority

The Authority was created on November 4, 2003 pursuant to the Colorado Urban Renewal Law (C.R.S. 31-25-1) to oversee development and redevelopment of identified blighted areas within the Town. The Town Council approved the formation of the Authority at a public hearing, and filed applicable certification of compliance with the Division of Local Government. Its operations are governed by a Board of Commissioners comprised solely of members of the Town Council. The Authority is reported as a special revenue fund.

3. Town of Vail General Improvement District No. 1

On October 3, 2006, the Town Council accepted a petition requesting formation of Town of Vail General Improvement District No. 1. The District is a public, or quasi-municipal, subdivision of the state of Colorado and a body corporate with the powers set forth in Part 6, Article 25, Title 31 of the Colorado Revised Statutes. The Town Council is the ex-officio Board of Directors of the District. Services provided by the District include (a) programming, regulating, and generally administering public functions to be conducted on the public plaza which will be constructed as part of the Solaris redevelopment project and (b) maintaining the plaza to the extent that the Solaris Metropolitan District fails to do so.

At a special election on November 7, 2006, the eligible electors of the District authorized imposition of a mill levy of not more than fifteen mills in any year for the purpose of funding the administration, operation, and maintenance of the District's facilities should the Solaris Metropolitan District fail to do so.

As of December 31, 2016, the District had not begun operations or imposed a mill levy, resulting in no financial statements to be reported.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Government-wide financial statements report on information of all of the non-fiduciary activities of the Town and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works and transportation, culture and recreation, economic development, and administration functions are classified as governmental activities. Timber Ridge and emergency dispatch services of the Town are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (sales taxes, property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures / expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note III.C) and Police Confiscation funds.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted by outside parties (i.e., a portion of the Town's sales tax as well as restricted intergovernmental grants and awards received) as well as amounts committed by Council for expenditures of capital outlay, including the acquisition or construction of capital facilities and other capital assets. It excludes those types of capital-related cash outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Real Estate Transfer Tax Fund* is used to account for the collection of a real estate transfer tax which is specifically restricted per Town ordinance for acquiring, maintaining, and improving real property for parks, recreation, open space and for supporting sustainable environmental practices.

The *Conference Center Fund* was established to account for the collection of a sales tax and public accommodations tax which were specifically restricted for the financing of the construction and operations of a conference center in the Town. The Conference Center taxes were rescinded by election in November 2005. Voters elected in November 2011 to authorize use of the funds for specific capital projects including the clubhouse at the Vail golf course and Nordic center, the Ford Park athletic fields, and improvements to the Gerald R. Ford amphitheater. Work began on these projects during 2012 and continued through 2015. At the end of 2015, the remaining fund balance was transferred to the Real Estate Transfer Tax fund for project completions. In 2016 the Conference Center Fund was inactive.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The *Vail Marketing Fund* accounts for the collection of business license fees which are specifically restricted for expenditures related to the marketing of the Town.

The *Vail Local Marketing District* accounts for collection of lodging taxes, which are restricted for use for the activities of the District.

The *Vail Reinvestment Authority* accounts for the collection of Tax Increment Financing revenues which are restricted for use for the activities of the Authority.

The Town reports the following major proprietary or business-type funds:

The *Timber Ridge Enterprise Fund* ("Timber Ridge") accounts for the activities of the 198-unit rental housing project located in the Town (the “Project”).

The *Dispatch Services Fund* accounts for the emergency dispatch services provided by the Town within Eagle County, Colorado.

Additionally, the Town reports the following fund types:

Internal service funds account for the repair and maintenance costs and purchase of Town vehicles and equipment, excluding buses and fire trucks. In addition, internal service funds are used to account for the health insurance plan provided to Town employees.

Trust funds are used to account for the accumulation of resources for pension benefit payments to qualified Town employees and to account for assets held for employees in accordance with the provisions of Internal Revenue Code section 457. No budget is adopted for the Town’s trust funds.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The Town considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Presentation

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the various functions of the Town. Elimination of these charges would distort the direct costs and program revenues are reported.

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 revenue of the Town’s enterprise funds are rents from individuals employed in the Town and charges for services related to emergency dispatch. Operating expenses for the enterprise fund includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation

1. Equity in Pooled Cash and Investments

The Town has a policy of central cash management whereby cash balances of each of the Town's funds are pooled in and invested in certain investments for all funds except the Pension Trust Fund and the Deferred Compensation Plan Fund. Additionally, the component units do not participate in the Town's central cash management.

Equity in pooled cash and investments include demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and long-term investments in U.S. government obligations. Investments are stated at fair market value.

2. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand and investments with original maturities of three months or less from the date of acquisition.

Cash equivalents are both readily convertible to cash and are so near their maturity they present insignificant risk of change in value due to interest rate changes.

Restricted cash and cash equivalents represent certain proceeds of debt issuances, as well as certain resources set aside for their repayments because their use is limited by the applicable covenants. Restricted assets also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

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.

The Town's investment policy permits investments in the following types of obligations:

- U.S. Treasury obligations
- U.S. government agency securities
- FDIC-insured certificates of deposit
- Colorado investment pools
- Money market mutual funds
- Taxable municipal securities

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

Loans receivable in governmental funds consist of housing and other loans that are generally not expected or scheduled to be collected in the subsequent year.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Inventory

Inventory is valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

6. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within one year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”

7. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, vehicles and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Costs related to the construction of assets include interest, engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete are capitalized.

Capital assets (excluding land and art) are depreciated using the straight-line method, over the estimated useful life.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences,* no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

After the completion of ten years of full-time service, employees are eligible for a cash or gift benefit. The estimated liability for all eligible employees is recorded in governmental activities in the Statement of Net Position, as a component of compensated absences.

9. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting under this category on the government-wide Statement of Net Position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. Therefore, these amounts are deferred and recognized as an inflow from resources in the period that amounts become available.

10. Bond Premiums and Discounts

Bonds payable are reported net of the applicable bond premium or discount. No amortization was taken on these premiums or discounts in the first year. These premiums and discounts are amortized over the life of the applicable bonds using the bond outstanding method.

11. Unearned Revenue

For governmental funds, unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. For proprietary funds, unearned revenues arise when potential revenue is unearned. In subsequent periods, when revenue recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

12. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV.K.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Credit Risk

The receivables of the various funds of the Town are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

3. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between the fund balance of total governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds". This $136,438,755 difference is related to property, plant and equipment of $316,987,898 less accumulated depreciation of $180,549,143.

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (continued)

Another element of that reconciliation explains “Other long-term assets and unearned charges are not available for current period expenditures and therefore are not reported in the funds”. This $317,209 difference is comprised of pension forfeitures of $273,793 and interest receivable of $43,416.

Net assets totaling $9,567,184 of internal service funds used by management to charge the costs of heavy equipment and health insurance to individual funds are included in the governmental activities in the Statement of Net Position.

Additionally, the reconciliation states that long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This $10,871,263 difference is related to bonds and notes payable of $9,320,000; accrued compensated absences of $1,500,415; premium on issued debt of $5,663; and interest payable of $45,185.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net change in fund balances of governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this $11,902,136 difference are comprised of capital outlay of $19,512,644 less depreciation expense of $7,411,205; and a loss on the disposal of assets of $199,303.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by Town Council in accordance with the Town’s Home Rule Charter.

Budgets are prepared on the basis of GAAP for all funds except the Heavy Equipment Fund, Timber Ridge Enterprise Fund, and Dispatch Services Fund. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amounts appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The budgets for these funds have been adopted on a non-GAAP budget and are reconciled to GAAP below:

	Heavy Equipment Fund	Timber Ridge Enterprise Fund	Dispatch Services Fund
Change in Net Position - Budget Basis	$ (77,136)	$ 294,790	$ 205,027
add/(less):			
Contribution from Capital Projects Fund	176,307	-	-
Loan principal repayment to Capital Projects Fund	-	356,423	-
Change in compensated absences	(5,018)	-	(15,454)
Capitalized assets	972,958	207,337	-
Depreciation	(738,022)	(327,737)	(153,087)
Net book value of disposed assets	(27,501)	-	-
Change in Net Position - GAAP Basis	$ 301,588	$ 530,813	$ 36,486

The Town followed these procedures in preparing, approving, and enacting its budget for 2016.

1) For the 2016 budget year, prior to August 25, 2015, the County Assessor sent the Town a certified assessed valuation of all taxable property within the Town's boundaries.
2) Prior to the end of the 2015 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
3) Prior to December 15, 2015, the Town computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget.
4) After a required publication of "Notice of Proposed Budget", the Town adopted the proposed budget and an appropriation ordinance which legally appropriated expenditures for the upcoming year.
5) After adoption of the budget ordinance, the Town may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

During the year, supplemental appropriations were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

III. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information – Vail Local Marketing District

The District's budget timetable varies from the Town's. The District followed these procedures in preparing, approving, and enacting its budget for 2016.

1) On or before September 30, 2016, the District must submit to the Board a recommended budget that details the revenues necessary to meet the District's operating requirements. This was done on September 1, 2015.
2) After appropriate public notice and a required public hearing, the Board must adopt the proposed budget and a resolution that legally appropriated expenditures for the upcoming year on or before December 5, 2015. The Board adopted the 2016 budget on October 6, 2015.
3) After adoption of the initial budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

During the year, supplemental appropriations were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

C. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved a portion of the December 31, 2016 fund balance in the General Fund for this purpose in the amount of $1,880,900 which is the approximate required reserve.

The initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

On November 16, 1993, voters of the Town approved the collection and expenditure of all revenues generated, including reduction in debt service during 1993 and each subsequent year (not including revenue generated from ad valorem property taxes) without any increase in such tax rates and the expenditure of such revenues for debt service, municipal operations, and capital projects, effective January 1, 1994.

On November 7, 2000, the Town's electorate approved the collection and expenditure of all revenues received from ad valorem property taxes levied in 2000 and thereafter.

The remaining restrictions of the TABOR Amendment continue to apply, including:

- Voter approval of all new taxes and tax rate increases;
- Voter approval for new or additional Town debt;
- No increase or imposition of a new real estate transfer tax; and,
- All election requirements remain in effect.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

D. TABOR Amendment – Vail Local Marketing District

As required by TABOR, the District has reserved $97,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2016.

The ballot question approved by District voters on November 2, 1999, which established the 1.4% tax on lodging within the Town's boundaries, also authorized the District to collect and spend the proceeds of the lodging tax, investment income, and all other revenues, without regard to the limitations imposed by TABOR, effective January 1, 2000.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposit and Investments

Pursuant to its charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under the policy, the Town may invest in federally insured banks, debt obligations of the U.S. government, its agencies and instrumentalities, governmental mutual funds and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The Town also accounts for the operations of the employees' pension plans that are administered by select employees acting as trustees who are governed by a trust agreement. The trust agreement gives the trustees considerable latitude with investment alternatives. As a result, all pension investments are considered legal under the trust agreement.

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

The Town's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado 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. As of year-end, the bank balance of the Town's deposits was $21,172,453. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2016.

Fair Value of Investments

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

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

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

		Fair Value Measurements Using		
Investments Measured at Fair Value:	**Total**	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 11,776,815	$ -	$ 11,776,815	$ -
U.S. government agency securities	17,941,528	-	17,941,528	-
Mortgage pools	11,339,773	-	-	11,339,773
Total	$ 41,058,116	$ -	$ 29,718,343	$ 11,339,773

Investments Measured at Net Asset Value	
Colotrust	$ 15,150,054

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. Treasuries, U.S. government agency securities, and commercial paper: Quoted prices for identical securities in markets that are not active;
- Negotiable certificates of deposit: Matrix pricing based on the securities' relationship to benchmark quoted prices.

Debt securities – namely, mortgage pools – classified in Level 3, are valued using an appraisal service.

Pools. The Town has invested in the Colorado Government Liquid Asset Trust ("Colotrust"), which is an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to $1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. Colotrust is rated AAAm by Standard and Poor's.

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Town coordinates its investments maturities to closely match cash flow needs and invests primarily in securities with a maximum investment term less than five years from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk. The Town's general investment policy is to apply the prudent-person rule; investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The Town diversifies its investments by security type and institution.

Credit quality distribution for investments, with credit exposure as a percentage of total investments are as follows at year end:

Investment Type	Rating	Percentage
Colotrust	AAAm	17%

At year end, the Town had the following investments and maturities:

Type	Rating	Maturities	Carrying Value
Deposits:			
Cash on hand			$ 1,980
Demand deposits			31,009,730
Certificates of deposit		<1 year	3,511,811
Certificates of deposit		<5 years	8,265,004
Total deposits			$ 42,788,525
Investments:			
US agencies - FHLMC, FHLB, FNMA	AA+	<5 years	$ 17,941,528
Mortgage pools	AA+	N/A	11,339,773
Colotrust	AAAm	N/A	15,150,054
Pension and Section 457 investments	N/A	N/A	76,719,786
Total investments			121,151,141
Total deposits and investments			$ 163,939,666
Reconciliation to Statement of Net Position:			
Equity in pooled cash and investments			$ 77,450,998
Cash and cash equivalents - Unrestricted			8,472,584
Cash and cash equivalents - Restricted			1,768,512
Fiduciary Funds			76,247,573
Total			$ 163,939,667

Investments in the Deferred Compensation Plan and the Pension Trust Funds are held by trustees and are not categorized because they are not evidenced by specific securities that exist in physical or book form.

IV. Detailed Notes on all Funds (continued)

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing District
Receivables:					
Property taxes	$ 4,663,844	$ -	$ -	$ -	$ -
Other taxes	5,837,675	13,391	120,436	-	578,565
Other governments	191,425	-	-	-	-
Other	-	196,407	260,542	-	-
Gross Receivables	10,692,944	209,798	380,978	-	578,565
Less: Allowance for uncollectibles	(1,000)	-	-	-	-
Net Receivables	$ 10,691,944	$ 209,798	$ 380,978	$ -	$ 578,565

	Timber Ridge	Vail Rein-vestment Authority	Heavy Equip-ment Fund	Dispatch Services Fund	Health Insurance Fund	Total
Receivables:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 4,663,844
Other taxes	-	-	-	-	-	6,550,067
Other governments	-	-	-	-	-	191,425
Other	5,857	-	-	-	1,265	464,071
Gross Receivables	5,857	-	-	-	1,265	11,869,407
Less: Allowance for uncollectibles	-	-	-	-	-	(1,000)
Net Receivables	$ 5,857	$ -	$ -	$ -	$ 1,265	$ 11,868,407

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Total unearned revenue for governmental activities totaled $2,350,805 and is comprised of the following:

	General Fund	Vail Marketing Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Total
Unearned revenues:					
Business licenses	$ -	$ 74,868	$ -	$ -	$ 74,868
Library grants	88,341	-	-	-	88,341
Police programs	36,193	-	-	-	36,193
Construction projects	-		2,069,396	82,007	2,151,403
	$ 124,534	$ 74,868	$ 2,069,396	$ 82,007	$ 2,350,805

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Unearned revenue for construction projects in the Capital Projects Fund includes $1,120,096 collected from Holy Cross Energy for community enhancement to place utilities underground. The other $949,300 was collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

Loans receivable at December 31, 2016 are comprised of the following:

- The Town has established a program (the "EHOP Program") to assist qualified full-time Town employees with the purchase of a primary residence within certain geographic boundaries, by providing secured, non-interest-bearing loans, with repayment over a maximum 15-year term including both the principal balance plus a portion of any recognized appreciation in the value of the underlying property. All such advances may be repaid at any time by the borrower-employee. The balance of EHOP Program loans receivable at December 31, 2016 was $545,466.

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 27,430,658	$ -	$ -	$ 27,430,658
Art	1,813,349	276,675	-	2,090,024
Total Capital Assets, Not Being Depreciated	29,244,007	276,675	-	29,520,682
Capital Assets, Being Depreciated:				
Buildings and improvements	98,705,979	13,263,622	(438,498)	111,531,103
Infrastructure and improvements	140,683,810	5,238,247	(277,793)	145,644,264
Equipment and vehicles	42,371,714	1,707,057	(1,906,160)	42,172,611
Total Capital Assets Being Depreciated	281,761,503	20,208,926	(2,622,451)	299,347,978
Less Accumulated Depreciation For:				
Buildings and improvements	(61,677,463)	(2,158,041)	366,731	(63,468,773)
Infrastructure and improvements	(89,093,160)	(3,734,646)	178,238	(92,649,568)
Equipment and vehicles	(31,870,215)	(2,256,540)	1,850,679	(32,276,076)
Total Accumulated Depreciation	(182,640,838)	(8,149,227)	2,395,648	(188,394,417)
Total Capital Assets Being Depreciated, Net	99,120,665	12,059,699	(226,803)	110,953,561
Governmental Activities Capital Assets, Net	$ 128,364,672	$ 12,336,374	$ (226,803)	$ 140,474,243
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 4,399,500	$ -	$ -	$ 4,399,500
Total Capital Assets, Not Being Depreciated	4,399,500	-	-	4,399,500
Capital Assets, Being Depreciated:				
Buildings and improvements	9,287,312	207,337	-	9,494,649
Equipment	2,391,567	-	(26,728)	2,364,839
Total Capital Assets Being Depreciated	11,678,879	207,337	(26,728)	11,859,488
Less Accumulated Depreciation For:				
Buildings and improvements	(3,300,754)	(326,982)	-	(3,627,736)
Equipment	(1,613,961)	(153,847)	26,728	(1,741,080)
Total Accumulated Depreciation	(4,914,715)	(480,829)	26,728	(5,368,816)
Total Capital Assets Being Depreciated, Net	6,764,164	(273,492)	-	6,490,672
Business-type Activities Capital Assets, Net	$ 11,163,664	$ (273,492)	$ -	$ 10,890,172

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

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

Governmental Activities:		
General government	$	1,177,361
Public safety		522,506
Public works and transportation		4,679,232
Culture and recreation		1,770,128
Total Depreciation Expense - Governmental Activities	$	8,149,227
Business-type Activities:		
Dispatch services	$	153,087
Housing		327,737
Total Depreciation - Business-type Activities	$	480,824

Depreciation on capital assets is recorded using the following estimated useful lives:

	Years
Buildings	25 - 40
Building improvements	7 - 25
Infrastructure	5 - 50
Vehicles	5 - 15
Equipment	5 - 25

At December 31, 2016, the Town had $103,474,959 of fully depreciated assets.

D. Operating Leases

The Town is committed under various leases for buildings, office space, and equipment. For accounting purposes, these leases are considered to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

E. Long-term Asset – Rent Receivable (Ground Lease)

In September, 2014, the Town executed a Ground Lease and a Development Agreement with Lion’s Ridge Apartment Homes, LLC (“Lion’s Ridge”) with respect to the eastern half of the Timber Ridge development. Under the terms of the Ground Lease, the Town leases the new development property to Lion’s Ridge for a 50-year term, during which Lion’s Ridge will construct and lease deed-restricted apartments on the newly developed property. The amount of rent payable over the 50-year term has been averaged on a straight-line basis for an annual amount of $155,149. As of December 31, 2016, the rent receivable accrued in the Timber Ridge Enterprise Fund was $349,075. No payments are due from Lion’s Ridge until 2025.

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers

At December 31, 2016, Vail Reinvestment Authority owed the Capital Projects Fund and the Real Estate Transfer Tax Fund $3,251,399 and $294,664 respectively in connection with construction projects within the Lionshead district, including the design and construction of the I-70 underpass and the Lionshead skate park.

The following promissory notes payable from the Timber Ridge Enterprise Fund to the Town, which aggregate to $8,846,456 as of December 31, 2016 are reflected as internal balances between the governmental activities and business-type activities categories on the Statement of Net Position:

- Promissory notes totaling $1.9 million which bear interest at the rate of 1.5% per annum and mature December 1, 2032. These notes are payable to the extent that Timber Ridge has determined the availability of excess net revenues of the Project, after provision for necessary operating or capital reserves, but may be repaid at any time without penalty. Timber Ridge paid $28,500 in accrued interest relating to the $1.9 million notes during 2016.

- The $8 million promissory note bears interest at the rate of 1.5% per annum, with blended annual payments, and maturing December 1, 2033. Timber Ridge remitted $106,870 in interest to the Town during 2016 and, as of December 31, 2016, had accrued a total of $43,415 in interest payable to the Town relating to the $8 million note.

Debt service requirements for the $8 million promissory note are as follows:

	Principal	Interest	Total
2017	$ 361,769	$ 101,483	$ 463,252
2018	367,196	96,016	463,212
2019	372,704	90,467	463,171
2020	378,294	84,835	463,129
2021	383,969	79,118	463,087
2022 - 2026	2,007,983	306,786	2,314,769
2027 - 2031	2,163,169	150,436	2,313,605
2032 - 2033	911,372	13,721	925,093
Totals	$ 6,946,456	$ 922,862	$ 7,869,318

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and, 3) provide additional resources for current operations or debt service.

All transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

IV. Detailed Notes on all Funds (continued)

G. Long-term Liabilities – Governmental Activities

The Town has the following long-term debt outstanding for governmental activities:

1. Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010A

The Authority issued $3,670,000 of Tax-Exempt Tax Increment Revenue Bonds dated November 4, 2010 (the "2010A Bonds"). Proceeds from the 2010A Bonds will be used to finance the acquisition, construction and installation of an urban renewal project(s).

The interest rate on the 2010A Bonds ranges from 2.5% to 4% per annum, and is payable June 1 and December 1 annually through June 1, 2018.

The 2010A Bonds are special limited obligations of the Authority, equitably and ratably secured by an irrevocable pledge of the Trust Estate, funded by pledged property tax revenues.

The 2010A Bonds are not subject to redemption prior to maturity at the option of the Authority.

2. Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B

The Authority issued $8,270,000 of Taxable Tax Increment Revenue Bonds (Direct Pay Build America Bonds) dated November 4, 2010 (the "2010B Bonds"). Proceeds from the 2010B Bonds will be used to finance the acquisition, construction and installation of an urban renewal project(s).

The interest rate on the 2010B Bonds ranges from 5.269% to 6.659% per annum, and is payable June 1 and December 1 annually from June 1, 2011 through June 1, 2030. Principal payments are payable June 1 and December 1 annually from June 1, 2019 through June 1, 2030.

The Authority will receive a federal subsidy known as the "BAB Credit" equal to 35% of corresponding interest as provided under the American Recovery and Reinvestment Act of 2009. This "BAB Credit" decreased by 8.7% beginning December 1, 2013 due to federal budget reductions. As of June 1, 2014 the "BAB Credit" decreased by 7.3% due to federal budget reductions and as of October 1, 2015 the refundable credit decreased by 6.8%.

The 2010B Bonds are special limited obligations of the Authority, equitably and ratably secured by an irrevocable pledge of the Trust Estate, funded by pledged incremental property tax revenues.

2010B Bonds maturing on or before June 1, 2020 are not subject to optional redemption prior to their respective maturity dates. The 2010B Bonds maturing on and after June 1, 2021 are subject to redemption prior to their respective maturity dates at the option of the Authority at a price equal to the principal amount plus accrued interest to the redemption date without a premium. All 2010B Bonds are subject to mandatory sinking fund redemption.

IV. Detailed Notes on all Funds (continued)

H. Long-term Liabilities – Compensated Absences

The Town has a policy allowing the accumulation of paid vacation and sick leave, subject to certain maximum limits. In accordance with GAAP, the Town's approximate liability for vacation pay earned by employees and longevity pay at December 31, 2016 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements. Accumulated sick pay of approximately $3,621,379 at December 31, 2016 has not been reflected in the Town's financial statements as the amount is partially insured by an independent insurance company and the amounts are not payable at termination.

I. Long-term Liabilities – Refunded

In prior years, the Town defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The bonds intended to be refunded by the refunding issues remain a contingent liability of the Town until retired; however, they are not included for the purposes of calculating debt limits of the Town. The amount of debt considered defeased cannot be readily determined as of December 31, 2016.

J. Long-term Liabilities - Activity and Debt Service Schedules

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax-Increment Bonds, Series 2010A	$ 1,550,000	$ -	$ (500,000)	$ 1,050,000	$ 515,000
Tax-Increment Bonds, Series 2010B	8,270,000	-	-	8,270,000	-
Deferred amounts:					
Issuance premium	11,200	-	(5,537)	5,663	-
Compensated absences	1,417,660	141,163	-	1,558,823	567,103
Total Governmental Activities Long-term Liabilities	$ 11,248,860	$ 141,163	$ (505,537)	$ 10,884,486	$ 1,082,103
Business-type Activities:					
Compensated absences	$ 62,644	$ 15,453	$ -	$ 78,097	$ 23,429
Total Business-type Activities Long-term Liabilities	$ 62,644	$ 15,453	$ -	$ 78,097	$ 23,429

IV. Detailed Notes on all Funds (continued)

J. Long-term Liabilities - Activity and Debt Service Schedules (continued)

Debt service requirements at December 31, 2016 were as follows:

	Principal	Interest	Total
Governmental Activities:			
2017	515,000	547,753	1,062,753
2018	535,000	526,753	1,061,753
2019	555,000	501,432	1,056,432
2020	575,000	471,662	1,046,662
2021	595,000	438,458	1,033,458
2022-2026	3,335,000	1,609,971	4,944,971
2027-2030	3,210,000	439,161	3,649,161
Total Governmental Activities	$ 9,320,000	4,535,190	13,855,190

General obligation bonds issued for governmental activity purposes are liquidated by the Debt Service Fund, whereas general obligation bonds issued for component unit purposes are liquidated by the component unit.

K. Fund Balance Disclosures

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

Spendable Fund Balance:

- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Town Council. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Town's platform to review, and/or make changes to each department's budget. The budget is formally presented to the Town Council via an advertised public process for review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Town Council approval, must be presented via a public process and again approved by Town Council.
- *Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by Town Council or its management designees.
- *Unassigned* – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

IV. Detailed Notes on all Funds (continued)

K. Fund Balance Disclosures (continued)

The Town's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

The Town has a minimum fund balance policy of 25% of annual General Fund revenues.

V. Other Information

A. Pension Plans

The Town offers two defined contribution pension plans to cover all permanent paid employees of the Town. The Town established these qualified money purchase pension plans under Internal Revenue Code section 401(a), and may amend all of the plan provisions. The first plan covers all full time and qualified seasonal employees other than sworn police officers and firefighters; the second plan covers all full time and qualified seasonal employees of the Town's Police and Fire departments. The plan provisions are the same for both plans.

In defined contribution plans, benefits depend solely on amounts contributed to the plans plus investment earnings. Employees are eligible to participate in the plans from the date of employment or the effective date of the plans, January 1, 1983, whichever is later. The plans provide for contributions to be made by the Town of 12.6% of regular compensation for the first year of employment and 17.6% thereafter. For employees hired after April 1, 1986, the Town's contribution is 11.15% of regular compensation for the first year, and 16.15% thereafter.

Employees have the option to make voluntary contributions of up to 10% of their compensation. In the event of continued long-term disability of an employee, the Town's disability insurance will continue to make contributions to the plan for the employee through age 60 at the rate on the date of disability.

For employees hired before July 1, 1986, vesting of the Town's contributions is 77.5% after the first year of employment with an additional vesting of 7.5% per year through the fourth year, when vesting is 100%. For employees hired after June 30, 1986, vesting of the Town's contributions to the employees is 20% after the first year of employment with additional vesting of 20% per year through the fifth year, when vesting is 100%. If an employee dies, becomes disabled, or attains the age of 60, their entire interest in the plans becomes vested; normal retirement age is 60 with early retirement at age 50 and four years of service.

V. Other Information (continued)

A. Pension Plans (continued)

In 1991, the Town established a defined contribution pension plan for seasonal employees who work for the Town longer than 6 weeks. Seasonal employees are required to contribute 6% of regular compensation to the plan and the Town contributes 1.5%. Seasonal employees are 100% vested after their first contribution.

Employees covered under the regular and seasonal pension plans do not participate in the Social Security system.

The annual pension cost is the Town's contributions less forfeitures from the prior year. The plans' invested assets at December 31, 2016 of $61,812,065 are stated at market value. All earnings, losses, expenses and changes in the fair market value of the trust fund will be apportioned at least annually among the participants in proportion to each participant's current share of the Trust Investment Fund. The Town has no liability for unfunded future vested employee benefits.

The trustees and administrators of the plans are the Retirement Board. The Retirement Board determines investment options made available to participants, in adherence with an adopted investment policy statement.

The total amount of the Town's 2016 covered payroll was $17,183,576 of which $15,536,007 was for permanent employees and $1,647,569 was for seasonal staff. Total 2016 payroll for all Town employees was $20,372,030.

B. Retirement Savings Plan – Deferred Compensation Plan – IRC 457

The Town offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code section 457. The 457 Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the 457 Plan participants and their beneficiaries.

The modified accrual basis of accounting is used for the 457 Plan.

The trustees and administrators of the 457 Plan are the Retirement Board, which comprises members of the Town's administration. The Retirement Board determines investment options made available to participants, in adherence to an adopted investment policy statement.

The Town has no liability for losses under the 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor.

V. Other Information (continued)

B. Retirement Savings Plan – Deferred Compensation Plan – IRC 457 (continued)

The total assets of the 457 Plan were $14,435,508 at December 31, 2016. The assets were invested in mutual funds, as previously described.

Pursuant to the Town's adoption of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the 457 Plan has been included in these financial statements as an expendable trust fund.

C. Cafeteria Plan

The Town offers a cafeteria compensation plan organized under section 125 of the Internal Revenue Code, which includes dependent care and health expense reimbursement. No cost to the Town is recognized as the plan is a salary reduction plan.

D. Risk Management

The Town is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The Town carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

E. Commitments and Contingencies

1. Legal Claims

During the normal course of business, the Town may incur claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2016.

2. Federal Funds

Funds received from Federal grants and programs are subject to audit and disallowance on ineligible costs. Management of the Town feels any potential questioned or disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2016.

F. Conduit Debt – Town of Vail, Colorado Multifamily Housing Revenue Bonds (Middle Creek Village Apartments Project), Series 2003A, 2003B and 2003-T

These bonds were issued in 2003 in an aggregate principal amount of $16,850,000 to finance construction of multi-family housing projects within the Town. The bonds mature in 2038. The bonds are solely payable from, and are secured by, a pledge of revenue from loan agreements between the Town and Middle Creek Village, LLC (as borrower). The borrower's obligation is secured by Deeds of Trust, Security Agreements, Financing Statements and assignment of rents and leases. The bonds are a special limited obligation of the Town, payable solely from the specified revenues of the projects, and do not constitute debt or indebtedness of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Vail, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales taxes	15,865,000	15,865,000	15,865,000	-	15,181,000
Property and ownership taxes	4,913,000	4,913,000	4,911,842	(1,158)	4,389,241
Ski area lift ticket admissions tax	4,728,000	4,728,000	5,032,970	304,970	4,763,956
Franchise tax	1,146,000	1,146,000	1,086,149	(59,851)	1,083,666
Penalties and interest on delinquent taxes	35,160	35,160	76,052	40,892	24,800
Total - Taxes	26,687,160	26,687,160	26,972,013	284,853	25,442,663
Permits and Licenses:					
Construction fees	772,500	772,500	974,331	201,831	1,011,418
Contractors' licenses	65,382	65,382	35,486	(29,896)	52,150
Other permits and licenses	756,372	756,372	662,867	(93,505)	1,011,016
Total - Permits and Licenses	1,594,254	1,594,254	1,672,684	78,430	2,074,584
Intergovernmental:					
County sales tax	818,816	818,816	840,206	21,390	830,849
County road and bridge	749,100	749,100	652,307	(96,793)	732,823
Additional motor vehicle registration fees	29,000	29,000	26,977	(2,023)	26,665
Cigarette tax	74,000	74,000	75,376	1,376	74,343
Highway users tax	212,000	212,000	218,130	6,130	221,666
State health inspection	-	-	-	-	-
Other county sources	-	-	92,500	92,500	87,500
Other state sources	-	170,645	159,782	(10,863)	149,240
Federal sources	-	-	-	-	3,725
Total - Intergovernmental	1,882,916	2,053,561	2,065,278	11,717	2,126,811
Charges for Services:					
Management fees - Vail Local Marketing District	125,000	125,000	112,000	(13,000)	112,000
Internal service charge	508,885	511,185	529,596	18,411	522,152
Out of district fire response	51,000	51,000	47,625	(3,375)	64,079
Alarm monitoring fees	24,083	24,083	20,886	(3,197)	23,215
Parking	4,225,000	4,225,000	5,230,062	1,005,062	4,948,993
Fines and forfeitures	250,942	250,942	214,258	(36,684)	262,021
Rents	990,556	990,556	1,019,509	28,953	1,041,374
Other charges, services, and sales	292,268	292,268	297,974	5,706	296,151
Total - Charges for Services	6,467,734	6,470,034	7,471,910	1,001,876	7,269,985
Other Revenues:					
Earnings on investments	160,000	160,000	83,624	(76,376)	146,627
Miscellaneous	182,000	217,670	181,178	(36,492)	216,914
Total - Other Revenues	342,000	377,670	264,802	(112,868)	363,541
Total Revenues	36,974,064	37,182,679	38,446,687	1,264,008	37,277,584

(Continued)

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

Town of Vail, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015
(Continued)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General Government:					
Town officials	1,656,613	1,684,613	1,198,093	486,520	1,458,980
Administrative	4,840,508	4,885,508	4,477,161	408,347	3,997,104
Community development	1,773,237	1,783,237	1,576,406	206,831	1,415,208
Total - General Government	8,270,358	8,353,358	7,251,660	1,101,698	6,871,292
Public Safety:					
Police department	5,902,574	5,987,303	5,641,921	345,382	5,509,616
Fire department	4,037,519	4,124,401	3,981,917	142,484	3,724,062
Total - Public Safety	9,940,093	10,111,704	9,623,838	487,866	9,233,678
Public Works and Transportation:					
Highways and streets	4,525,671	4,524,671	4,260,073	264,598	3,953,846
Transportation	5,015,859	5,015,859	4,876,217	139,642	4,586,184
Parking operations	1,420,471	1,429,471	1,233,700	195,771	1,205,219
Facility maintenance	3,785,417	3,816,741	3,627,068	189,673	3,478,894
Total - Public Works and Transportation	14,747,418	14,786,742	13,997,058	789,684	13,224,143
Culture and Recreation:					
Special recreation facilities	285,300	285,300	295,441	(10,141)	289,398
Library	878,404	898,866	897,422	1,444	825,554
Total - Culture and Recreation	1,163,704	1,184,166	1,192,863	(8,697)	1,114,952
Economic Development:					
Contributions, marketing and special events	2,604,193	2,750,043	2,708,603	41,440	2,902,815
Total - Economic Development	2,604,193	2,750,043	2,708,603	41,440	2,902,815
Total Expenditures	36,725,766	37,186,013	34,774,022	2,411,991	33,346,880
Excess (Deficiency) of Revenues Over Expenditures	248,298	(3,334)	3,672,665	3,675,999	3,930,704
Other Financing Sources (Uses):					
Sale of assets	-	-	5,086	5,086	26,920
Transfers out	-	-	-	-	(22,338)
Total Other Financing Sources (Uses)	-	-	5,086	5,086	4,582
Net Change in Fund Balance	248,298	(3,334)	3,677,751	3,681,085	3,935,286
Fund Balance - January 1	18,910,046	23,622,509	23,622,509	-	19,687,223
Fund Balance - December 31	19,158,344	23,619,175	27,300,260	3,681,085	23,622,509

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

Town of Vail, Colorado
Special Revenue Funds
Real Estate Transfer Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Real estate transfer tax	6,500,000	6,500,000	6,843,356	343,356	6,965,617
Intergovernmental Revenue:					
Lottery revenue	20,000	20,000	29,658	9,658	25,445
Other State revenue	-	8,500	-	(8,500)	-
Total - Intergovernmental Revenue	20,000	28,500	29,658	1,158	25,445
Charges for Services:					
Recreation amenities fee	10,000	10,000	8,488	(1,512)	23,105
Land lease to Vail Recreation District	137,347	137,347	137,347	-	130,202
Total - Charges for Services	147,347	147,347	145,835	(1,512)	153,307
Other:					
Project reimbursements	-	1,317,198	1,272,891	(44,307)	1,213,803
Donations	-	6,000	33,439	27,439	4,500
Interest on investments	28,861	28,861	47,876	19,015	81,695
Other	-	16,000	24,279	8,279	25,733
Total - Other	28,861	1,368,059	1,378,485	10,426	1,325,731
Total Revenues	6,696,208	8,043,906	8,397,334	353,428	8,470,100
Expenditures:					
Culture and Recreation:					
Project management	325,000	325,000	342,168	(17,168)	352,648
Park maintenance	1,586,600	1,605,100	1,329,863	275,237	1,353,813
Environmental sustainability	385,500	482,500	411,131	71,369	398,866
Art in public places	104,132	104,132	104,105	27	108,309
Total - Culture and Recreation	2,401,232	2,516,732	2,187,267	329,465	2,213,636
Public Works:					
Capital projects	9,865,860	18,937,188	12,844,327	6,092,861	7,887,938
Public Safety					
Fire suppression	258,738	258,738	201,638	57,100	198,913
Total Expenditures	12,525,830	21,712,658	15,233,232	6,479,426	10,300,487
Excess (Deficiency) of Revenues Over Expenditures	(5,829,622)	(13,668,752)	(6,835,898)	6,832,854	(1,830,387)
Other Financing Sources (Uses):					
Transfers in	3,900,000	294,664	294,664	-	3,345,857
Total Other Financing Sources (Uses)	3,900,000	294,664	294,664	-	3,345,857
Net Change in Fund Balance	(1,929,622)	(13,374,088)	(6,541,234)	6,832,854	1,515,470
Fund Balance - January 1	3,887,675	17,797,519	17,797,519	-	16,282,049
Fund Balance - December 31	1,958,053	4,423,431	11,256,285	6,832,854	17,797,519

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

Town of Vail, Colorado
Special Revenue Funds
Conference Center Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Interest on investments	-	-	-	-	9,891
Total Revenues	-	-	-	-	9,891
Expenditures:					
Economic Development					
Capital outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	9,891
Other Financing Sources (Uses):					
Transfers (out)	-	-	-	-	(1,972,244)
Total Other Financing Sources (Uses)	-	-	-	-	(1,972,244)
Net Change in Fund Balance	-	-	-	-	(1,962,353)
Fund Balance - January 1	-	-	-	-	1,962,353
Fund Balance - December 31	-	-	-	-	-

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

Town of Vail, Colorado
Special Revenue Funds
Vail Marketing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Permits and Licenses:					
Business licenses	332,000	378,000	383,532	5,532	320,899
Other:					
Interest on investments	1,500	1,500	793	(707)	1,652
Total Revenues	333,500	379,500	384,325	4,825	322,551
Expenditures:					
Economic Development:					
Commission on Special Events	309,000	309,000	309,000	-	300,000
Administration fee	17,687	19,987	19,136	851	16,045
Total Expenditures	326,687	328,987	328,136	851	316,045
Excess (Deficiency) of Revenues Over Expenditures	6,813	50,513	56,189	5,676	6,506
Fund Balance - January 1	213,157	203,263	203,263	-	196,757
Fund Balance - December 31	219,970	253,776	259,452	5,676	203,263

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

Town of Vail, Colorado
Special Revenue Funds
Vail Local Marketing District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Lodging tax	3,030,500	3,030,500	3,198,625	168,125	3,228,044
Other:					
Interest on investments	2,000	2,000	390	(1,610)	515
Miscellaneous	-	-	1,332	1,332	-
Total - Other	2,000	2,000	1,722	(278)	515
Total Revenues	3,032,500	3,032,500	3,200,347	167,847	3,228,559
Expenditures:					
Economic Development:					
Destination	1,302,000	1,302,000	1,212,997	89,003	1,290,524
Front Range	225,000	225,000	247,367	(22,367)	284,052
Groups and meetings	702,500	702,500	700,248	2,252	550,636
Marketing	439,000	439,000	551,904	(112,904)	334,308
Special events	120,000	120,000	21,250	98,750	32,500
Purchased services	461,960	461,960	428,045	33,915	545,934
Total Expenditures	3,250,460	3,250,460	3,161,811	88,649	3,037,954
Excess (Deficiency) of Revenues Over Expenditures	(217,960)	(217,960)	38,536	256,496	190,605
Fund Balance - January 1	996,093	1,552,198	1,552,198	-	1,361,593
Fund Balance - December 31	778,133	1,334,238	1,590,734	256,496	1,552,198

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

Town of Vail, Colorado
Special Revenue Funds
Vail Reinvestment Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax	4,172,000	4,172,000	3,959,506	(212,494)	3,837,261
Other:					
Interest on investments	1,600	1,600	2,062	462	937
Interest subsidy (Build America Bonds)	167,444	167,444	168,246	802	167,896
Total Revenues	4,341,044	4,341,044	4,129,814	(211,230)	4,006,094
Expenditures:					
Economic Development:					
Administration	73,180	73,180	69,772	3,408	67,168
Fiscal agent fees	2,200	2,200	2,420	(220)	2,420
Treasurer's fees	125,160	125,160	118,789	6,371	115,120
Professional fees	10,000	10,000	2,810	7,190	11,623
Vail Square Metro District	497,610	497,610	456,784	40,826	464,548
Total Economic Development	708,150	708,150	650,575	57,575	660,879
Debt Service:					
Principal	500,000	500,000	500,000	-	490,000
Interest	564,928	564,928	564,928	-	577,928
Total Debt Service	1,064,928	1,064,928	1,064,928	-	1,067,928
Total Expenditures	1,773,078	1,773,078	1,715,503	57,575	1,728,807
Excess (Deficiency) of Revenues Over Expenditures	2,567,966	2,567,966	2,414,311	(153,655)	2,277,287
Other Financing Sources (Uses):					
Transfers out	(3,500,000)	(4,622,101)	(3,546,063)	1,076,038	(2,757,636)
Total Other Financing Sources (Uses)	(3,500,000)	(4,622,101)	(3,546,063)	1,076,038	(2,757,636)
Net Change in Fund Balance	(932,034)	(2,054,135)	(1,131,752)	922,383	(480,349)
Fund Balance - January 1	4,158,967	5,443,901	5,443,901	-	5,924,250
Fund Balance - December 31	3,226,933	3,389,766	4,312,149	922,383	5,443,901

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

SUPPLEMENTARY INFORMATION

Town of Vail, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Sales tax	9,723,000	9,723,000	10,223,952	500,952	10,403,929
Construction use tax	1,545,000	1,545,000	1,688,841	143,841	2,220,168
Total - Taxes	11,268,000	11,268,000	11,912,793	644,793	12,624,097
Intergovernmental:					
State grants	-	123,603	124,070	467	451,276
Federal grants	544,800	544,800	26,786	(518,014)	-
Total - Intergovernmental	544,800	668,403	150,856	(517,547)	451,276
Charges for Services:					
Leases - Vail Commons	197,295	159,135	159,135	-	197,295
Resale fees	-	-	6,755	6,755	33,769
Total - Charges for Services	197,295	159,135	165,890	6,755	231,064
Other:					
Interest on investments	610,346	610,346	184,147	(426,199)	262,689
Project reimbursements/shared costs	-	275,252	299,595	24,343	146,343
Construction fees	-	-	505,277	505,277	1,916,086
Workforce housing sales and other	-	-	3,250	3,250	1,662
Total - Other	610,346	885,598	992,269	106,671	2,326,780
Total Revenues	12,620,441	12,981,136	13,221,808	240,672	15,633,217
Expenditures:					
Public Works:					
Capital projects and acquisition	19,632,169	32,819,266	12,178,634	20,640,632	6,884,292
Excess (Deficiency) of Revenues Over Expenditures	(7,011,728)	(19,838,130)	1,043,174	20,881,304	8,748,925
Other Financing Sources (Uses):					
Transfers in	3,500,000	4,327,437	3,251,399	(1,076,038)	1,384,023
Transfers (out)	(3,900,000)	-	-	-	-
Total Other Financing Sources (Uses)	(400,000)	4,327,437	3,251,399	(1,076,038)	1,384,023
Net Change in Fund Balance	(7,411,728)	(15,510,693)	4,294,573	19,805,266	10,132,948
Fund Balance - January 1	20,930,692	40,542,297	40,542,297	-	30,409,349
Fund Balance - December 31	13,518,964	25,031,604	44,836,870	19,805,266	40,542,297

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

Town of Vail, Colorado
Enterprise Fund
Timber Ridge Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Rent	1,304,531	1,304,531	1,298,908	(5,623)	1,243,719
Ground lease	-	-	155,149	155,149	155,149
Other	17,650	17,650	27,047	9,397	12,631
Total Operating Revenues	1,322,181	1,322,181	1,481,104	158,923	1,411,499
Operating Expenses:					
Operating expenses	510,588	510,588	490,178	20,410	588,145
Capital outlay	236,000	285,000	207,337	77,663	172,697
Total Operating Expenses	746,588	795,588	697,515	98,073	760,842
Operating Income (Loss)	575,593	526,593	783,589	256,996	650,657
Non-operating Revenues (Expenses):					
Interest on investments	600	600	766	166	887
Interest expense	(133,142)	(133,142)	(133,142)	-	(138,484)
Loan principal repayment to Capital Projects Fund	(356,423)	(356,423)	(356,423)	-	(351,155)
Total Non-operating Revenue (Expenses)	(488,965)	(488,965)	(488,799)	166	(488,752)
Change in Net Position - Budget Basis	86,628	37,628	294,790	257,162	161,905
Reconciliation to GAAP Basis:					
Adjustments:					
Loan principal repayment to Capital Projects Fund			356,423		351,155
Depreciation			(327,737)		(318,669)
Capitalized assets			207,337		172,697
Total Adjustments			236,023		205,183
Change in Net Position - GAAP Basis			530,813		367,088

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

Town of Vail, Colorado
Enterprise Fund
Dispatch Services Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Dispatch service fee	663,214	663,214	663,214	-	630,588
Dispatching contracts	1,175,653	1,197,563	1,175,963	(21,600)	1,098,629
Other charges	-	-	28,112	28,112	392
Total Operating Revenues	1,838,867	1,860,777	1,867,289	6,512	1,729,609
Operating Expenses:					
Public Safety:					
Salaries and benefits	2,081,259	2,099,736	1,937,210	162,526	2,013,938
Operating expenses	513,358	517,791	468,731	49,060	461,165
Total Operating Expenses	2,594,617	2,617,527	2,405,941	211,586	2,475,103
Operating (Loss) - Budget Basis	(755,750)	(756,750)	(538,652)	218,098	(745,494)
Non-operating Revenues:					
Operating grant - E-911 Board	742,627	742,627	742,627	-	797,382
Earnings on investments	6,275	6,275	1,052	(5,223)	2,500
Total Non-operating Revenues	748,902	748,902	743,679	(5,223)	799,882
Income (Loss) Before Transfers	(6,848)	(7,848)	205,027	212,875	54,388
Transfers In	-	-	-	-	22,338
Change in Net Position - Budget Basis	(6,848)	(7,848)	205,027	212,875	76,726
Adjustments:					
Change in compensated absences			(15,454)		3,706
Depreciation			(153,087)		(174,775)
Total Adjustments			(168,541)		(171,069)
Change in Net Position - GAAP Basis			36,486		(94,343)

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

Town of Vail, Colorado
Internal Service Funds
Heavy Equipment Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Operating charges	2,284,617	2,284,617	2,481,748	197,131	2,401,856
Replacement charges	647,150	647,150	586,460	(60,690)	607,694
Total - Charges and Fees	2,931,767	2,931,767	3,068,208	136,441	3,009,550
Other:					
Insurance reimbursements	-	-	47,099	47,099	7,693
Other	-	-	12,494	12,494	19,005
Total - Other	-	-	59,593	59,593	26,698
Total Operating Revenues	2,931,767	2,931,767	3,127,801	196,034	3,036,248
Operating Expenses:					
Public Works:					
Vehicle maintenance and fuel	2,302,000	2,302,000	2,283,090	18,910	2,200,423
Capital outlay	821,400	1,059,600	972,958	86,642	1,066,709
Total Operating Expenses	3,123,400	3,361,600	3,256,048	105,552	3,267,132
Operating Income (Loss) - Budget Basis	(191,633)	(429,833)	(128,247)	301,586	(230,884)
Non-operating Revenues:					
Earnings on investments	14,650	14,650	2,751	(11,899)	9,368
Proceeds from sale of assets	104,910	104,910	48,360	(56,550)	160,306
Total Non-operating Revenues:	119,560	119,560	51,111	(68,449)	169,674
Change in Net Position - Budget Basis	(72,073)	(310,273)	(77,136)	233,137	(61,210)
Reconciliation to GAAP Basis:					
Adjustments:					
Contributed from other funds			176,307		-
Net book value of disposed assets			(27,501)		(7,119)
Depreciation			(738,022)		(762,869)
Change in accrued compensated absences			(5,018)		1,059
Capitalized assets			972,958		1,066,709
Total Adjustments			378,724		297,780
Change in Net Position - GAAP Basis			301,588		236,570

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

Town of Vail, Colorado
Internal Service Funds
Health Insurance Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Charges and Fees:				
Insurance premiums	3,850,000	3,300,000	(550,000)	3,100,000
Insurance premiums - Employee contributions	695,000	677,553	(17,447)	675,505
Insurer proceeds	-	1,265	1,265	4,449
Other	-	575	575	-
Total Operating Revenues	4,545,000	3,979,393	(565,607)	3,779,954
Operating Expenses:				
General Government:				
Health claims	3,743,830	3,045,743	698,087	2,208,954
Premiums	756,170	724,572	31,598	617,693
Administrative fees	55,000	35,355	19,645	38,320
Total Operating Expenses	4,555,000	3,805,670	749,330	2,864,967
Operating Income (Loss)	(10,000)	173,723	183,723	914,987
Non-operating Revenues:				
Earnings on investments	10,000	4,125	(5,875)	15,201
Change in Net Position	-	177,848	177,848	930,188

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Net Position
December 31, 2016

	Heavy Equipment Fund	Health Insurance Fund	Total
Assets:			
Current Assets:			
Equity in pooled cash and investments	2,205,645	3,782,745	5,988,390
Accounts receivable, net of allowance for uncollectibles	-	1,265	1,265
Inventory	266,174	-	266,174
Total Current Assets	2,471,819	3,784,010	6,255,829
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	4,035,488	-	4,035,488
Total Assets	6,507,307	3,784,010	10,291,317
Liabilities:			
Current Liabilities:			
Accounts payable	306,149	340,200	646,349
Accrued salaries and wages	19,377	-	19,377
Current portion of compensated absences	17,522	-	17,522
Unearned revenue	-	-	-
Total Current Liabilities	343,048	340,200	683,248
Non-current Liabilities:			
Compensated absences, net of current portion	40,885	-	40,885
Total Liabilities	383,933	340,200	724,133
Net Position:			
Invested in capital assets, net of related debt	4,035,488	-	4,035,488
Unrestricted	2,087,886	3,443,810	5,531,696
Total Net Position	6,123,374	3,443,810	9,567,184

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2016

	Heavy Equipment Fund	Health Insurance Fund	Total
Operating Revenues:			
Charges for services - Internal	3,068,208	3,300,000	6,368,208
Charges for services - External	-	677,553	677,553
Insurance reimbursements	47,099	1,265	48,364
Other	12,494	575	13,069
Total Operating Revenues	3,127,801	3,979,393	7,107,194
Operating Expenses:			
Operations	2,288,108	35,355	2,323,463
Health claims and premiums	-	3,770,315	3,770,315
Depreciation	738,022	-	738,022
Total Operating Expenses	3,026,130	3,805,670	6,831,800
Operating Income (Loss)	101,671	173,723	275,394
Non-operating Revenues (Expenses):			
Gain (loss) on disposal of assets	20,859	-	20,859
Investment income	2,751	4,125	6,876
Total Non-operating Revenues (Expenses)	23,610	4,125	27,735
Income (Loss) Before Transfers and Capital Contributions	125,281	177,848	303,129
Capital Contributions, Net	176,307	-	176,307
Change in Net Position	301,588	177,848	479,436
Net Position - January 1	5,821,786	3,265,962	9,087,748
Net Position - December 31	6,123,374	3,443,810	9,567,184

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2016

	Heavy Equipment Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:			
Cash received from other funds	3,068,208	3,300,000	6,368,208
Other cash receipts	59,726	785,639	845,365
Cash paid for goods and services	(1,184,427)	(3,705,938)	(4,890,365)
Cash paid to employees	(1,056,214)	-	(1,056,214)
Net Cash Provided (Used) by Operating Activities	887,293	379,701	1,266,994
Cash Flows From Capital and Related Financing Activities:			
Cash received from sale of fixed assets	44,160	-	44,160
Acquisition and construction of capital assets	(792,451)	-	(792,451)
Net Cash Provided (Used) by Capital and Related Financing Activities	(748,291)	-	(748,291)
Cash Flows From Investing Activities:			
Interest on Investments	2,751	4,125	6,876
Net Cash Provided (Used) by Investing Activities	2,751	4,125	6,876
Net Change in Cash and Cash Equivalents	141,753	383,826	525,579
Cash and Cash Equivalents - Beginning	2,063,892	3,398,919	5,462,811
Cash and Cash Equivalents - Ending	2,205,645	3,782,745	5,988,390
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	101,671	173,723	275,394
Adjustments:			
Depreciation	738,022	-	738,022
(Increase) decrease in accounts receivable	133	106,246	106,379
(Increase) decrease in inventory	(3,746)	-	(3,746)
Increase (decrease) in accounts payable	64,573	105,100	169,673
Increase (decrease) in accrued wages and benefits	(13,360)	-	(13,360)
Increase (decrease) in unearned revenue	-	(5,368)	(5,368)
Total Adjustments	785,622	205,978	991,600
Net Cash Provided (Used) by Operating Activities	887,293	379,701	1,266,994
Schedule of Non-cash Investing, Capital and Financing Activities:			
Assets donated by Capital Projects Fund	176,307	-	176,307

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

Town of Vail, Colorado
Capital Projects Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

		2016			2015
Project Number	**Project Name**	**Final Budget**	**Actual**	**Variance Positive (Negative)**	**Actual**
CBI010	Fire Infrastructure / Main Vail Fire Stn	3,569,130	2,730,902	838,228	30,870
CBI018	Info Center Remodel	-	-	-	64,030
CBI021	Donovan Park Pavilion	5,000	-	5,000	531
CBI025	Colorado Ski Museum Renovation	500,000	-	500,000	-
CEP001	Fire Truck Purchase	-	-	-	414
CEP002	Hybrid Bus Battery Replacement	431,772	-	431,772	8,228
CEP004	Replace Buses	3,524,000	4,000	3,520,000	47,714
CEP005	Hardware Purchases	150,000	143,002	6,998	166,747
CEP007	Phone System Upgrade	56,778	47,797	8,981	42,461
CEP008	Parking Entry System	-	-	-	156,377
CEP010	Network Upgrades	30,000	27,745	2,255	150,855
CEP011	Document Imaging	30,000	27,416	2,584	60,267
CEP018	Web and E-commerce	12,000	6,698	5,302	2,400
CEP019	Computer-Aided Dispatch (CAD/RMS)	50,000	48,146	1,854	43,979
CEP022	Audio Visual	40,000	39,390	610	37,635
CEP024	Police E-Ticketing System	151,024	98,572	52,452	38,776
CEP025	Fire operations breathing apparatus	46,603	45,000	1,603	17,797
CEP026	Fire Equipment	16,000	15,936	64	21,890
CEP030	Vehicle expansion	410,000	180,822	229,178	-
CEP031	Software Licensing	51,000	50,731	269	56,287
CEP033	Data Centers / Computer Rooms	1,000,000	120,964	879,036	-
CEP035	Comm Dev Arc/GIS System	-	-	-	15,806
CEP036	Business Systems	44,079	43,573	506	73,964
CEP038	Police Equipment	50,459	48,495	1,964	-
CEP040	Transit Center Generator	241,200	203,248	37,952	8,800
CEP042	Bus Camera System	54,358	4,050	50,308	295,642
CEP043	Police Body Worn Cameras	69,585	62,258	7,327	-
CEP044	BusWash Equipment	250,000	236,912	13,088	-
CEP045	Resot Application	65,000	65,000	-	-
CHP001	Buy-Down Program	3,043,324	436,119	2,607,205	200,471
CHP020	Chamonix Housing Development	1,795,013	1,032,465	762,548	204,987
CHP021	Buzzard Park Window Replacement	175,000	134,963	40,037	-
CMP007	Transportation Master Plan	150,000	88,764	61,236	-
CMT003	Bus Shelter Replacement Program	50,000	9,388	40,612	3,848
CMT004	Capital Street Maintenance	1,290,000	1,167,170	122,830	1,431,864
CMT005	Facility Capital	341,125	286,944	54,181	638,582
CMT007	Parking Structure Maintenance	703,000	546,174	156,826	355,925
CMT009	Energy Enhacements	92,900	-	92,900	255,044
CMT010	Underground Utilities	230,000	-	230,000	33,293
CMT012	Flood Repairs	-	-	-	105,436
CMT016	Public Works Wash Down	250,000	3,033	246,967	-
CMT017	Slifer Plaza Fountain and Storm Sewer	150,000	44,679	105,321	-
COT002	Street Light Improvement Program	202,192	136,935	65,257	20,761
COT004	Fiber-Optics in Buildings	40,474	25,682	14,792	54,416
COT018	Chamonix Area Plan	-	-	-	-
COT022	Municipal Complex Redevelopment	6,475,770	116,440	6,359,330	24,230
COT023	Covered Bridge Repairs	-	-	-	110,600
COT024	West Forest Road Bridge Repiar	350,000	2,503	347,497	-
COT025	Kinnickinnick(West) Bridge Repair	350,000	8,362	341,638	-
CSC016	Guest Services Enhancements	1,077,624	121,510	956,114	299,290
CSC017	Pedestrian Safety Enhacements	410,000	410,000	-	-
CSR007	Neighborhood Road Reconstruction	79,006	18,516	60,490	395,994
CSR008	Neighborhood Bridges	503,412	117,804	385,608	96,588
VRA009	Lionshead Parking Entry	-	-	-	83,339
VRA010	I-70 Underpass	3,682,438	3,043,851	638,587	1,228,154
VRA013	East Lionshead Circle Pathway	100,000	-	100,000	-
VRA014	Dobson Plaza	100,000	-	100,000	-
VRA015	Public Art-Lionshead	330,000	176,675	153,325	-
	Total	32,819,266	12,178,634	20,640,632	6,884,292

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

Town of Vail, Colorado
Special Revenue Funds
Real Estate Transfer Tax Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts For the Year Ended December 31, 2015

		2016			2015
Project Number	**Project Name**	**Final Budget**	**Actual**	**Variance Positive (Negative)**	**Actual**
CCF001	Golf Clubhouse Redevelopment	9,130,363	8,052,451	1,077,912	2,102,225
CCF002	Ford Park Fields Redevelopment	392,190	78,862	313,328	52,878
RFP005	Alpine Gardens Pledge	69,010	69,010	-	67,000
RFP007	Alpine Gardens Contribution	-	-	-	500,000
RFP009	Ford Park - Improvements	-	-	-	1,368,076
RFP017	Ford Park Portal Improvements	510,000	179,296	330,704	-
RFP018	Ford Park Parking Lot Slope Revegetation	-	-	-	78,255
RFP019	Ford Park Landscape Improvements	200,000	24,703	175,297	-
RMG008	Walking Mountains Actively Green	-	-	-	38,500
RMT001	Recreation Path Maintenance	104,000	9,589	94,411	117,158
RMT002	Tree Maintenance	65,000	45,730	19,270	55,122
RMT005	Street Furniture - Streetscape	77,033	69,445	7,588	222,987
RMT006	Eagle River Watershed Programs	68,260	53,480	14,780	39,980
RMT009	Park/Playground Capital Maintenance	104,981	104,981	-	93,719
RMT016	Ford Park / Tennis Center Improvements	58,244	-	58,244	-
RMT018	Dobson Ice Arena	54,089	9,745	44,344	4,254
RMT019	Gymnastics Center	40,800	5,200	35,600	-
RMT024	Athletic Fields	21,250	-	21,250	-
RMT025	Nature Center	69,754	-	69,754	-
RMT027	Golf Course - Other Improvements	551,822	8,954	542,868	13,200
RMT028	Flood Repairs	397,457	31,622	365,835	407,086
RMT030	East Vail Interchange Improvements	125,000	100,957	24,043	-
RMT032	Intermountain Fuels Reduction	63,700	63,700	-	-
RPD011	Skate park	294,664	294,664	-	1,373,614
RPD012	Booth Creek Playground & Park	-	-	-	18,852
RPD015	Booth Creek Park Redevelopment	2,422,200	2,037,432	384,768	-
RPD016	Donovan Park Master Plan	375,661	310,714	64,947	8,339
RPD017	Chalet Road Sport Courts	1,047,630	728,999	318,631	2,370
RPI006	Streamtract Improvements	780,561	196,986	583,575	219,439
RPI007	Water Quality/ Storm Water	1,000,000	176,440	823,560	121,795
RPI008	East Vail Water Quality TAPS	125,000	84,889	40,111	-
RPT007	Trailhead Signs/Development	-	-	-	10,000
RPT019	Library Recreation Path	10,000	-	10,000	906,598
RPT020	Open Lands	224,452	47,260	177,192	25,548
RRT001	Public Art	511,229	30,385	480,844	-
RRT006	Public Art - Winterfest	42,838	28,833	14,005	40,943
	Total	18,937,188	12,844,327	6,092,861	7,887,938

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

LOCAL HIGHWAY FINANCE REPORT

Financial Planning 02/01
The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: Vail
	YEAR ENDING : December 2016
This Information From The Records Of Town of Vail:	Prepared By: Kathleen Halloran Phone: 970-479-2116

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	7,502,190
3. Other local imposts (from page 2)	891,635
4. Miscellaneous local receipts (from page 2)	-
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	-
7. Total (1 through 6)	8,393,825
B. Private Contributions	1,599,436
C. Receipts from State government (from page 2)	245,107
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	10,238,368

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	4,296,805
2. Maintenance:	2,756,567
3. Road and street services:	
a. Traffic control operations	374,912
b. Snow and ice removal	1,119,052
c. Other	
d. Total (a. through c.)	1,493,964
4. General administration & miscellaneous	343,695
5. Highway law enforcement and safety	1,347,337
6. Total (1 through 5)	10,238,368
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
3. Total (1.c + 2.c)	-
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	10,238,368

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				-
1. Bonds (Refunding Portion)				
B. Notes (Total)				-

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
-	10,238,368	10,238,368	-	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	891,635	g. Other Misc. Receipts	
6. Total (1. through 5.)	891,635	h. Other	
c. Total (a. + b.)	891,635	i. Total (a. through h.)	-
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	218,130	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	26,977	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26,977	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	245,107	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		-	-
b. Engineering Costs		221,953	221,953
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		4,074,852	4,074,852
(5). Total Construction (1) + (2) + (3) + (4)	-	4,074,852	4,074,852
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	4,296,805	4,296,805
			(Carry forward to page 1)

Notes and Comments:

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

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Town of Vail, Colorado
Issuer's Annual Report
Update of Official Statement Tables to be Updated
Tables I, II and III
December 31, 2016

TABLE I
Vail Reinvestment Authority History of Pledged Revenues

	2012	2013	2014	2015	2016
Pledged Revenues	3,173,261	3,188,389	3,373,916	3,541,546	3,673,030

TABLE II
Vail Reinvestment Authority History of Assessed Valuations

Levy Year	Collection Year	Total Assessed Valuation	Percent Change	Valuation Allocable to Base	Valuation Allocable to Increment
2011	2012	146,243,940		83,179,120	63,064,820
2012	2013	166,325,430	13.7%	94,467,810	71,857,620
2013	2014	162,091,770	-2.5%	90,762,320	71,329,450
2014	2015	175,857,330	8.5%	99,317,520	76,539,810
2015	2016	178,203,030	1.3%	99,314,850	78,888,180

TABLE III
Mill Levies Affecting Property Owners within the Vail Reinvestment Authority Plan Area

Tax Areas	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
202	46.9400	46.2540	47.0140	45.2100	51.1300
203	45.3560	44.7780	45.4720	44.1460	49.7500
204	61.1170	60.1000	60.8760	55.7010	61.4300
206	46.9400	46.2540	47.0140	45.5210	51.1300
207	86.9400	86.2540	87.0140	80.5210	86.1300
208	71.9400	71.2540	72.0140	67.3960	73.0100
216	-	-	-	-	-
225	-	-	-	-	-

Town of Vail, Colorado
Issuer's Annual Report
Update of Official Statement of Tables to be Updated
Tables IV and V
December 31, 2016

TABLE IV
Largest Taxpayers in the Authority

Taxpayer Name	2016 Preliminary Assessed Valuation	Percentage of Total Assessed Valuation
Diamondrock LLC	20,712,770	11.6%
Ritz-Carlton Development Co Inc	11,138,560	6.3%
Arrrabelle at Vail Square LLC	7,830,000	4.4%
Vail Corp	3,817,430	2.1%
Lion Vail LLC	3,120,460	1.8%
A Belle Vail Co LLC	2,966,610	1.7%
Lazier Lionshead LLC	2,817,120	1.6%
RCR Vail LLC	1,696,940	1.0%
SOHO Development LLC	1,437,130	0.8%
Arrrabelle at Vail Square LLC	1,186,040	0.7%
Total	178,203,030	

TABLE V
2016 Preliminary Assessed Valuation of Classes of Property in the Authority

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	128,433,560	72%
Commercial	49,025,940	28%
Vacant	637,060	0%
State assessed	106,470	0%
Total	178,203,030	100%

Town of Vail, Colorado
Issuer's Annual Report
Update of Official Statement Tables to be Updated
Table VI
December 31, 2016

TABLE VI
History of Revenues, Expenditures and Changes in Fund Balance
Vail Reinvestment Authority

	2012	2013	2014	2015	2016
Revenues:					
Other:					
Property tax	3,383,493	3,413,188	3,662,130	3,837,261	3,959,506
Interest on investments	12,817	1,714	1,219	937	2,062
Interest subsidy (Build America Bonds)	180,619	166,259	167,524	167,896	168,246
Total Revenues	3,576,929	3,581,161	3,830,873	4,006,094	4,129,814
Expenditures:					
Economic Development:					
Administration	59,352	60,133	65,282	67,167	69,772
Fiscal agent fees	-	2,200	2,200	2,420	2,420
Treasurer's fees	101,512	102,396	113,259	115,121	118,789
Professional fees	1,535	413	5,435	11,623	2,810
Vail Square Metro District	403,668	392,772	456,957	464,548	456,784
Total Economic Development:	566,067	557,914	643,134	660,879	650,575
Debt Service:					
Principal	445,000	460,000	475,000	490,000	500,000
Interest	618,778	605,203	591,178	577,928	564,928
Total Debt Service:	1,063,778	1,065,203	1,066,178	1,067,928	1,064,928
Total Expenditures	1,629,845	1,623,117	1,709,312	1,728,807	1,715,503
Excess (Deficiency) of Revenues Over Expenditures	1,947,083	1,958,044	2,121,561	2,277,287	2,414,311
Other Financing Sources (Uses):					
Transfers out	(5,354,864)	(1,842,286)	(3,049,280)	(2,757,636)	(3,546,063)
Total Other Financing Sources (Uses)	(5,354,864)	(1,842,286)	(3,049,280)	(2,757,636)	(3,546,063)
Net Change in Fund Balance	(3,407,780)	115,758	(927,719)	(480,349)	(1,131,752)
Fund Balance - January 1	10,143,991	6,736,211	6,851,969	5,924,250	5,443,901
Fund Balance - December 31	6,736,211	6,851,969	5,924,250	5,443,901	4,312,149

Town of Vail, Colorado
Issuer's Annual Report
Update of Official Statement of Tables to be Updated
Tables VII and VIII
December 31, 2016

TABLE VII
2016 Budget Summary and Actual Comparison / 2017 Budget
Vail Reinvestment Authority

	2016 Budget	2016 Actual	2017 Budget
Revenues:			
Other:			
Property tax	4,172,000	3,959,506	4,310,390
Interest on investments	1,600	2,062	1,600
Interest Subsidy (Build America Bonds)	167,444	168,246	168,337
Total Revenues	4,341,044	4,129,814	4,480,327
Expenditures:			
Economic Development:			
Administration	73,180	69,772	75,640
Fiscal agent fees	2,200	2,420	2,200
Treasurer's fees	125,160	118,789	129,312
Professional fees	10,000	2,810	10,000
Vail Square Metro District	497,610	456,784	512,539
Total Economic Development:	708,150	650,575	729,691
Debt Service:			
Principal	500,000	500,000	515,000
Interest	564,928	564,928	547,753
Total Debt Service:	1,064,928	1,064,928	1,062,753
Total Expenditures	1,773,078	1,715,503	1,792,444
Excess (Deficiency) of Revenues over Expenditures	2,567,966	2,414,311	2,687,883
Other Financing Sources (Uses):			
Transfers out	(4,622,101)	(3,546,063)	(3,585,000)
Net Change in Fund Balance	(2,054,135)	(1,131,752)	(897,117)
Fund Balance - January 1	5,443,901	5,443,901	3,389,766
Fund Balance - December 31	3,389,766	4,312,149	2,492,649

TABLE VIII
Outstanding Revenue Obligations

Issue	**Outstanding Principal**
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010A	$ 1,050,000
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B	8,270,000
Total	$ 9,320,000