



**Financial Statements
December 31, 2017**

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June 19, 2018

**Town of Vail, Colorado
Financial Report
December 31, 2017**

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B7
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C3
Statement of Revenues, Expenditures and Changes in Fund Balances	C4
Proprietary Funds:	
Statement of Net Position	C5
Statement of Revenues, Expenses and Changes in Fund Net Position	C6
Statement of Cash Flows	C7
Fiduciary Funds:	
Statement of Fiduciary Net Position	C8
Statement of Changes in Fiduciary Net Position	C9
Notes to the Financial Statements	D1 – D28
Required Supplementary Information:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
– Budget (GAAP Basis) and Actual	E1 – E2
Major Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
– Budget (GAAP Basis) and Actual:	
Real Estate Transfer Tax Fund	E3
Vail Marketing Fund	E4
Vail Local Marketing District	E5
Vail Reinvestment Authority	E6
Supplementary Information:	
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
– Budget (GAAP Basis) and Actual	F1
Enterprise Funds:	
Schedule of Revenues, Expenses and Changes in Net Position	
– Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis:	
Timber Ridge Fund	F2
Dispatch Services Fund	F3
Internal Service Funds:	
Schedule of Revenues, Expenses and Changes in Net Position	
– Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis:	
Heavy Equipment Fund	F4
Schedule of Revenues, Expenses and Changes in Net Position	
– Budget (GAAP Basis) and Actual:	
Health Insurance Fund	F5

**Town of Vail, Colorado
Financial Report
December 31, 2017**

**Table of Contents
(Continued)**

	Page(s)
Supplementary Information (continued):	
Internal Service Funds (continued):	
Combining Statement of Net Position	F6
Combining Statement of Revenues, Expenses and Changes in Net Position	F7
Combining Statement of Cash Flows	F8
Schedule of Project Expenditures – Budget (GAAP Basis) and Actual:	
Capital Projects Fund	F9
Real Estate Transfer Tax Fund	F10
Local Highway Finance Report	F11 – F12
Undertaking to Provide Continuing Disclosure:	
Table I – Vail Reinvestment Authority History of Pledged Revenues	G1
Table II – Vail Reinvestment Authority History of Assessed Valuations	G1
Table III – Mill Levies Affecting Property Owners within the Vail Reinvestment Authority Plan Area	G1
Table IV – Largest Taxpayers in the Authority	G2
Table V – 2017 Preliminary Assessed Valuation of Classes of Property in the Authority	G2
Table VI – History of Revenues, Expenditures and Changes in Fund Balance – Vail Reinvestment Authority	G3
Table VII – 2017 Budget Summary and Actual Comparison / 2018 Budget – Vail Reinvestment Authority	G4
Table VIII – Outstanding Revenue Obligations	G4



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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, 2017, 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.

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, 2017, 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.

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

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.
June 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Vail, Colorado

Management's Discussion and Analysis

December 31, 2017

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, 2017.

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 2017 fiscal year by \$272,607,524 (net position). Of this amount, \$2,333,800 is restricted for TABOR emergency reserves and \$1,727,852 is restricted by enabling legislation.
- The Town's total net position increased in the 2017 fiscal year by \$6,846,381 which was attributable to increase from governmental activities of \$6,155,647 and an increase of \$690,734 from business-type activities.
- At December 31, 2017, the fund balance of the General Fund was \$29,289,331. Of that amount, \$2,225,694 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, culture and recreation, 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, and Vail Marketing 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 D28 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 \$267,257,911 at the close of the most recent fiscal year. Approximately 70% of the Town's net position 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 2017 and 2016.

	Governmental Activities		Business-type Activities		Total	
		(as restated)		(as restated)		(as restated)
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 95,127,383	\$ 106,662,729	\$ (5,308,249)	\$ (5,890,603)	\$ 89,819,134	\$ 100,772,126
Capital assets(net)	194,284,899	176,568,977	10,974,450	10,836,981	205,259,349	187,405,958
Total assets	289,412,282	283,231,706	5,666,201	4,946,378	295,078,483	288,178,084
Long-term liabilities outstanding	9,405,545	9,802,833	63,742	54,668	9,469,287	9,857,501
Other liabilities	7,697,700	7,663,110	252,846	232,265	7,950,546	7,895,375
Total liabilities	17,103,245	17,465,943	316,588	286,933	17,419,833	17,752,876
Deferred inflows	5,051,126	4,663,845	-	-	5,051,126	4,663,845
Net Position:						
Invested in capital assets, net of related debt	185,538,575	167,242,865	3,389,763	2,991,093	188,928,338	170,233,958
Restricted	4,063,652	16,505,320	-	-	4,063,652	16,505,320
Unrestricted	77,655,684	77,353,733	1,959,850	1,668,352	79,615,534	79,022,085
Total net position	\$ 267,257,911	\$ 261,101,918	\$ 5,349,613	\$ 4,659,445	\$ 272,607,524	\$ 265,761,363

The Town's current assets from governmental activities and capital assets decreased mainly due to cash funding capital assets such as the Chamonix Vail town homes. Major construction projects during 2017 also included completion of the Sandstone I-70 Underpass project, improvements to Ford Park fields and playground, the Intermountain Fuels reduction project, and completion of the Golf Clubhouse and Nordic Center.

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 2017 and 2016.

Town of Vail's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue:						
Program Revenue						
Charges for services	\$ 9,423,805	\$ 9,310,833	\$ 3,406,276	\$ 3,293,234	\$ 12,830,081	\$ 12,604,067
Operating grants	2,189,089	2,335,383	796,803	770,740	2,985,892	3,106,123
Capital grants	230,810	195,032	-	-	230,810	195,032
General Revenue						
Property and ownership tax	9,461,059	8,879,103	-	-	9,461,059	8,879,103
Sales and lodging tax	32,043,038	31,884,921	-	-	32,043,038	31,884,921
Other taxes	12,177,639	13,037,850	-	-	12,177,639	13,037,850
Interest and other revenue	1,719,410	1,057,927	31,166	28,865	1,750,576	1,086,792
Transfers	(150,000)	-	150,000	-	-	-
Total Revenue	67,094,850	66,701,049	4,384,245	4,092,839	71,479,095	70,793,888
Expenses:						
General government	7,794,684	7,527,645	-	-	7,794,684	7,527,645
Public safety	11,226,473	10,549,407	2,724,952	2,574,483	13,951,425	13,123,890
Public works and transportation	21,276,796	19,216,959	-	-	21,276,796	19,216,959
Culture and recreation	12,906,999	10,190,109	-	-	12,906,999	10,190,109
Economic development	7,188,463	6,703,946	-	-	7,188,463	6,703,946
Housing	-	-	968,559	951,057	968,559	951,057
Interest	545,788	558,026	-	-	545,788	558,026
Total Expenses	60,939,203	54,746,092	3,693,511	3,525,540	64,632,714	58,271,632
Change in Net Position	6,155,647	11,954,957	690,734	567,299	6,846,381	12,522,256
Net Position January 1	225,007,635	213,052,678	4,712,636	4,145,337	229,720,271	217,198,015
Restatement of Accumulated Depreciation	36,094,629	-	(53,757)	-	36,040,872	-
Net Position January 1 (Restated)	261,102,264	213,052,678	4,658,879	4,145,337	265,761,143	217,198,015
Net Position December 31	\$ 267,257,911	\$ 225,007,635	\$ 5,349,613	\$ 4,712,636	\$ 272,607,524	\$ 229,720,271

Governmental Activities: Governmental activities increased the Town's net position by \$6,155,647. The following items represent other significant governmental activities during 2017:

- Decreased winter visitation caused by a lack of snowfall and impacts from decreased lodging inventory due to renovations contributed to a decrease from prior year in sales tax of 1% or 171,761 respectively.
- Increased visitation in summer resulted in summer sales tax collection growth of \$228,964, with June and July up 5.5% and 7.9% over the prior year.
- Lodging tax increased \$104,402, or 3.2% over prior year as a result of increased summer visitation.
- Property and ownership tax revenue increased \$581,956, or 1% over the prior year.
- Long-term liabilities were reduced by \$535,000 through principal repayments.
- Lift tax decreased 6% over prior year.
- Parking daily sales decreased \$517,921 or 12% over prior year.

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 \$77,842,807 a decrease of \$11,712,943 from the prior year's ending fund balances primarily due to the use of reserves to cash-fund the construction of the Chamonix Vail town homes. The funds will be replenished upon sales of the units in 2018. The following details ending fund balances for the past five years:

Fund	2013	2014	2015	2016	2017
General Fund	\$16,401,973	\$19,687,223	\$23,622,509	\$27,300,260	\$29,289,331
Capital Projects Fund	25,769,300	30,409,349	40,542,297	44,836,870	32,761,887
Real Estate Transfer Tax	16,848,758	16,282,049	17,797,519	11,256,285	11,142,914
Conference Center Fund	1,942,890	1,962,353	-	-	-
Vail Marketing Fund	185,851	196,757	203,263	259,452	323,606
Vail Local Marketing District	1,413,521	1,361,593	1,552,198	1,590,734	1,260,297
Debt Service Fund	21,311	-	-	-	-
Vail Reinvestment Authority	6,851,969	5,924,250	5,443,901	4,312,149	3,064,772
Total	\$69,435,573	\$75,823,574	\$89,161,687	\$89,555,750	\$77,842,807

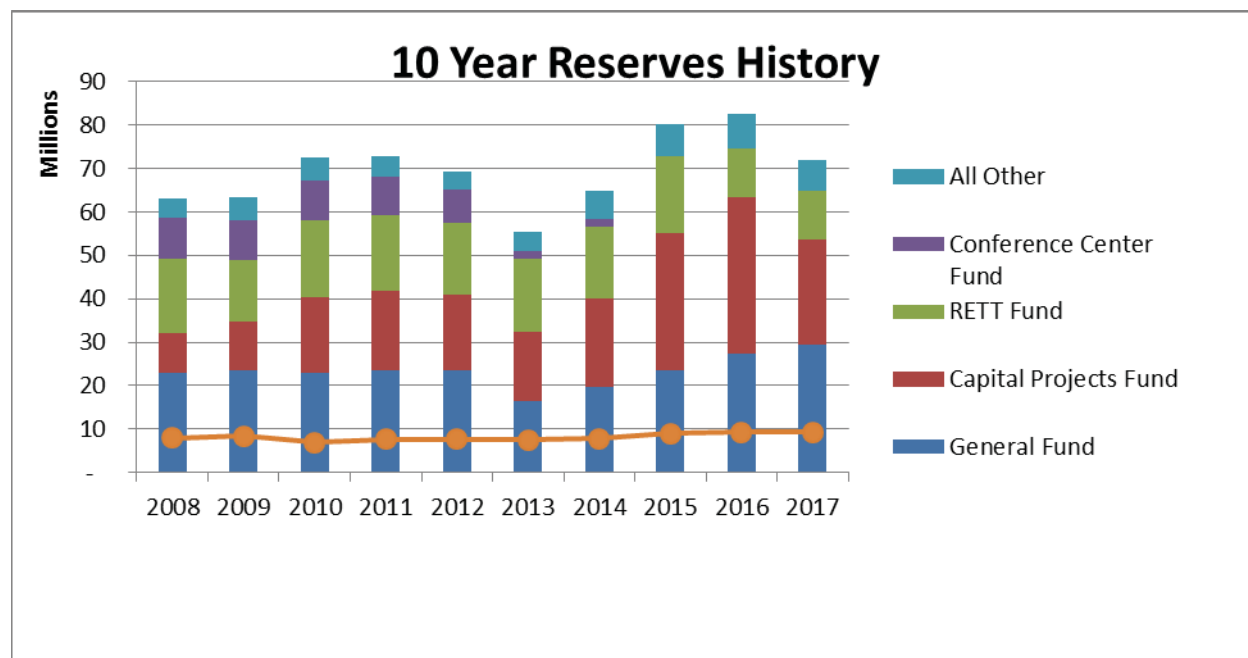
The Town's reserves continue to be strong with post-recession growth allowing for the cash funding on many recent capital projects. In 2013, a 9.7% increase in sales tax collections helped to offset an \$8M investment in Timber Ridge funded by the General Fund reserves. During 2014 and 2015 the General Fund continued to see 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 in sales tax, parking revenue, property taxes, and lift tax. Expenditure savings of \$2.4M also contributed to the increase in reserves.

During 2017, General Fund reserves increased by \$2M primarily due to expenditure savings due to staffing vacancies and department operations savings. Sales tax collections of \$25.6M were down less than 1% from prior year primarily due to December's lack of snow fall and reduced lodging inventory due to hotel renovations. Lift Tax collections and parking revenue were also impacted, down 6% and 6.3% from 2016. Despite the slow start to the 2017-2018 ski season, the town experienced strong sales tax growth during March/April (up a combined 13.5%), as well and increases in summer sales tax collections, with June up 5.5% and July up 7.9% compared to prior year. Reserve levels in the Capital Projects Fund and RETT Fund normally fluctuate as funds are spent on major projects. The Capital Projects Fund experienced flat revenues from prior year however reserves decreased \$12.1M due to cash funding the Chamonix Vail town home development. \$17.7M will be replenished during 2018 when the units are sold. Although Real Estate Transfer Tax collections decreased 7.8% from prior year, RETT reserves increased slightly due to less construction activity as several major projects were completed such as the Vail golf and Nordic Clubhouse and the Chalet Road Sport Courts.

Financial Analysis of the Town's Funds (continued)

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 \$4.5M in 2017, 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 Sandstone Underpass. 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 2017 were at \$71.9, they are expected to decrease to \$52.4M in 2018 with current ongoing projects.



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 position for the Heavy Equipment Fund, Timber Ridge Enterprise Fund, and the Dispatch Services Fund at the end of the year were \$1,888,476; \$545,470; and \$1,414,380, respectively. The Health Insurance Fund net position was \$3,449,662, all of which are restricted for the Town's self-funded health insurance program.

Budget Variances in the General Fund: General Fund revenue was lower than the amended budget by \$316,359 or less than 1% mainly due to flat lift tax collections and parking revenues. Expenditures were below budget by \$1,926,008 or 5.0% due to staffing vacancies and operations savings resulting from conservative spending by town departments and impact of milder winter conditions.

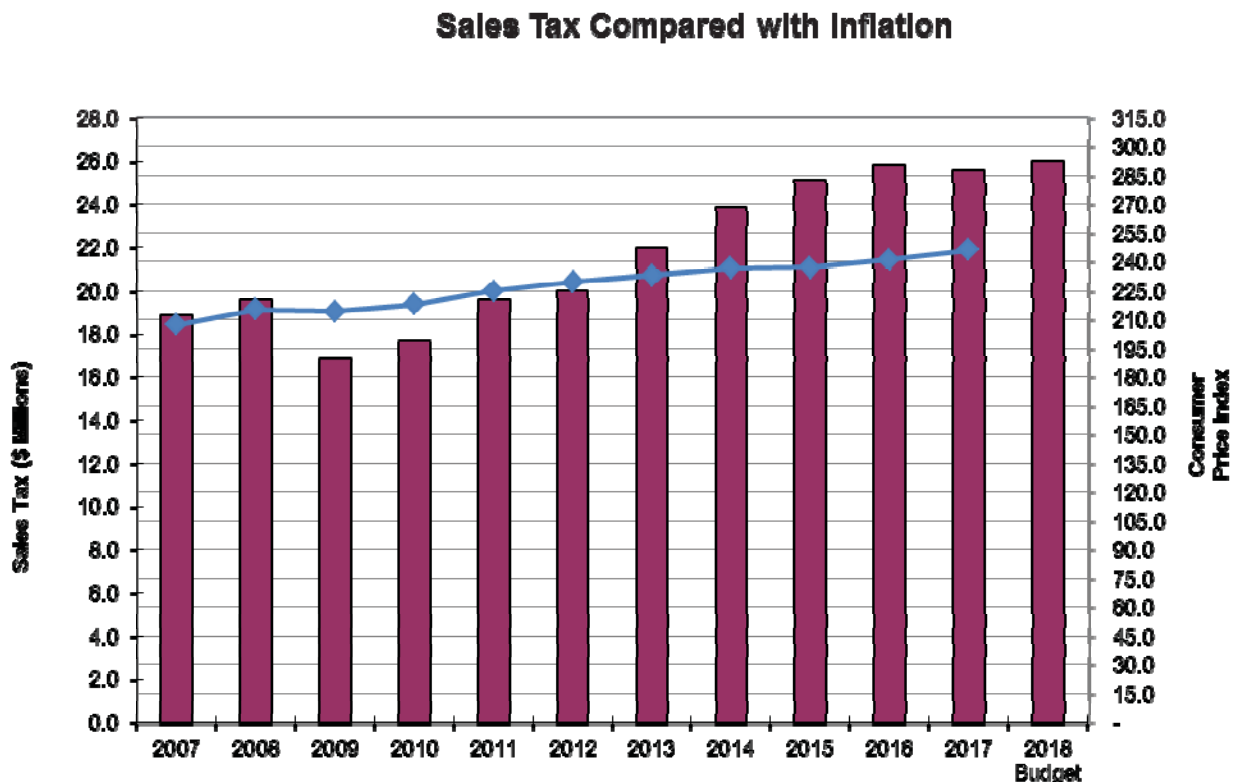
Capital Assets: The Town's government-wide capital assets, net of accumulated depreciation, increased by \$17,853,390 in 2017. Capital additions included eight new hybrid buses completion of the East Vail Fire station renovation, completion of the Vail Golf and Nordic Clubhouse, and two new employee housing units. Construction in process increased \$16,393,429 with the continuation of the Chamonix Vail town homes and the construction of the new parking structure at Red Sandstone.

Financial Analysis of the Town's Funds (continued)

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 \$8,805,000 of tax increment bonds outstanding, of which \$535,000 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 2017, 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 a leveling off of sales tax growth when compared to prior years, with total collections down less than 1% 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 \$29,289,331; representing 77% 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, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	65,637,844	1,577,206	67,215,050
Unrestricted cash and investments	6,624,761	990,071	7,614,832
Cash and cash equivalents - Restricted	1,626,174	84,479	1,710,653
Receivables (net of allowance for uncollectible accounts):			
Property taxes assessed	5,051,126	-	5,051,126
Other taxes	5,434,370	-	5,434,370
Other governments	423,109	-	423,109
Other	790,386	20,104	810,490
Inventory	279,614	-	279,614
Prepaid expenses	48,692	354	49,046
Interest receivable	41,154	-	41,154
Internal balances	8,484,687	(8,484,687)	-
Rent receivable	-	504,224	504,224
Loans receivable:			
Collectible in more than one year	685,466	-	685,466
Capital assets not being depreciated	48,055,527	4,399,500	52,455,027
Capital assets being depreciated, net of accumulated depreciation	146,229,372	6,574,950	152,804,322
Total Assets	289,412,282	5,666,201	295,078,483
Liabilities:			
Accounts payable	2,802,371	33,851	2,836,222
Due to other governments	15,258	-	15,258
Retainage payable	679,104	-	679,104
Accrued salaries and wages	430,216	29,169	459,385
Interest payable	43,405	41,154	84,559
Other unearned revenue	2,159,266	36,882	2,196,148
Deposits payable	512,155	84,472	596,627
Compensated absences:			
Due within one year	491,226	27,318	518,544
Due in more than one year	1,102,744	63,742	1,166,486
Bonds payable:			
Due within one year	535,000	-	535,000
Due in more than one year	8,271,912	-	8,271,912
Capital lease obligation:			
Due within one year	29,699	-	29,699
Due in more than one year	30,889	-	30,889
Total Liabilities	17,103,245	316,588	17,419,833
Deferred Inflow of Resources:			
Unavailable property taxes	5,051,126	-	5,051,126
Total Deferred Inflow of Resources	5,051,126	-	5,051,126
Net Position:			
Net investment in capital assets	185,538,575	3,389,763	188,928,338
Restricted for:			
Emergencies	2,333,800	-	2,333,800
Other purposes	1,729,852	-	1,729,852
Unrestricted	77,655,684	1,959,850	79,615,534
Total Net Position	267,257,911	5,349,613	272,607,524

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

Town of Vail, Colorado
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General government	7,794,684	3,555,055	1,528,693	(2,708,846)		(2,708,846)
Public safety	11,226,473	282,421	1,552	(10,942,500)		(10,942,500)
Public work and transportation	21,276,796	5,016,394	482,401	(15,737,708)		(15,737,708)
Culture and recreation	12,906,999	185,682	196,443	(12,524,874)		(12,524,874)
Economic development	7,188,463	384,253	-	(6,635,783)		(6,635,783)
Interest on long-term debt	545,788	-	-	(545,788)		(545,788)
Total Governmental Activities	60,939,203	9,423,805	2,189,089	(49,095,499)		(49,095,499)
Business-type Activities:						
Dispatch services	2,724,952	1,891,213	796,803		(36,936)	(36,936)
Housing (Timber Ridge)	968,559	1,515,063	-		546,504	546,504
Total Business-type Activities	3,693,511	3,406,276	796,803		509,568	509,568
Totals	64,632,714	12,830,081	2,985,892	(49,095,499)	509,568	(48,585,931)
General Revenues:						
Taxes:						
Sales and use taxes				28,740,011	-	28,740,011
Real estate transfer taxes				6,313,611	-	6,313,611
Lodging taxes				3,303,027	-	3,303,027
Property and specific ownership taxes				9,461,059	-	9,461,059
Ski area lift ticket admissions tax				4,708,765	-	4,708,765
Franchise taxes				1,088,494	-	1,088,494
Cigarette taxes				66,769	-	66,769
Investment earnings				684,023	8,741	692,764
Gain (loss) on disposal of capital assets				126,722	-	126,722
Miscellaneous				908,665	22,425	931,090
Transfers				(150,000)	150,000	-
Total General Revenues and Transfers				55,251,146	181,166	55,432,312
Change in Net Position				6,155,647	690,734	6,846,381
Net Position - January 1 (Restated)				261,102,264	4,658,879	265,761,143
Net Position - December 31				267,257,911	5,349,613	272,607,524

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

FUND FINANCIAL STATEMENTS

Town of Vail, Colorado
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Real Estate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Total Governmental Funds
Assets:							
Equity in pooled cash and investments	24,526,412	11,283,483	323,606	-	-	23,987,746	60,121,247
Cash and cash equivalents - Unrestricted	12,751	-	-	710,296	5,901,714	-	6,624,761
Cash and cash equivalents - Restricted	-	-	-	-	1,426,871	-	1,426,871
Receivables, net of allowance for uncollectible accounts:							
Property taxes assessed	5,051,126	-	-	-	-	-	5,051,126
Other taxes	4,690,714	109,180	-	628,339	-	6,137	5,434,370
Other governments	403,109	-	-	-	-	20,000	423,109
Other	430,479	178,690	-	-	-	175,518	784,687
Due from other funds	80,542	-	-	-	-	4,179,717	4,260,259
Loans receivable	685,466	-	-	-	-	8,484,687	9,170,153
Prepaid expenses	35,282	-	-	12,910	-	-	48,192
Total Assets	35,915,881	11,571,353	323,606	1,351,545	7,328,585	36,853,805	93,344,775
Liabilities and Fund Equity:							
Liabilities:							
Accounts payable	481,432	134,335	-	91,248	3,554	1,699,369	2,409,938
Due to other governments	11,692	3,566	-	-	-	-	15,258
Due to other funds	-	-	-	-	4,260,259	-	4,260,259
Retainage payable	-	172,500	-	-	-	506,604	679,104
Accrued payroll and related liabilities	414,862	-	-	-	-	-	414,862
Unearned revenue	155,283	118,038	-	-	-	1,885,945	2,159,266
Deposits payable	512,155	-	-	-	-	-	512,155
Total Liabilities	1,575,424	428,439	-	91,248	4,263,813	4,091,918	10,450,842
Deferred Inflows of Resources:							
Property taxes	5,051,126	-	-	-	-	-	5,051,126
Total Deferred Inflows of Resources	5,051,126	-	-	-	-	-	5,051,126
Fund Balances:							
Non-spendable	720,748	-	-	12,910	-	8,484,687	9,218,345
Restricted	2,315,751	-	-	110,000	1,637,901	-	4,063,652
Committed	9,578,307	11,142,914	323,606	1,137,387	-	20,107,300	42,289,514
Assigned	-	-	-	-	1,426,871	4,169,900	5,596,771
Unassigned	16,674,525	-	-	-	-	-	16,674,525
Total Fund Balances	29,289,331	11,142,914	323,606	1,260,297	3,064,772	32,761,887	77,842,807
Total Liabilities and Fund Balances	35,915,881	11,571,353	323,606	1,351,545	7,328,585	36,853,805	

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.	189,155,435
Other long-term assets and unearned charges are not available for current period expenditures and, therefore, are not reported in the funds.	240,457
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.	10,467,600
Long-term liabilities, including bonds payable, interest payable, capital leases, and compensated absences within governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,448,388)
Net Position of Governmental Activities	267,257,911

Town of Vail, Colorado
Statement of Revenues, Expenditures Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Real Estate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Total Governmental Funds
Revenues:							
Taxes	26,589,152	6,313,610	-	3,303,027	4,514,083	12,058,507	52,778,379
Permits and licenses	1,763,740	-	384,253	-	-	-	2,147,993
Intergovernmental revenue	2,308,333	54,522	-	-	-	63,695	2,426,550
Charges for services	7,150,047	169,002	-	-	-	159,135	7,478,184
Investment income	208,432	79,119	3,115	147	3,272	355,034	649,119
Interest subsidy	-	-	-	-	168,427	-	168,427
Miscellaneous	247,785	159,402	-	-	-	775,633	1,182,820
Total Revenues	38,267,489	6,775,655	387,368	3,303,174	4,685,782	13,412,004	66,831,472
Expenditures:							
General government	7,398,839	-	-	-	-	-	7,398,839
Public safety	10,185,581	241,430	-	-	-	-	10,427,011
Public works and transportation	14,757,754	4,244,957	-	-	-	29,452,457	48,455,168
Culture and recreation	1,236,563	2,402,639	-	-	-	-	3,639,202
Economic development	2,727,281	-	323,214	3,633,611	690,688	-	7,374,794
Debt service:							
Principal	-	-	-	-	515,000	60,683	575,683
Interest	-	-	-	-	547,753	3,565	551,318
Total Expenditures	36,306,018	6,889,026	323,214	3,633,611	1,753,441	29,516,705	78,422,015
Excess (Deficiency) of Revenues Over Expenditures	1,961,471	(113,371)	64,154	(330,437)	2,932,341	(16,104,701)	(11,590,543)
Other Financing Sources (Uses):							
Sale of assets	27,600	-	-	-	-	-	27,600
Transfers in	-	-	-	-	-	4,179,718	4,179,718
Transfers (out)	-	-	-	-	(4,179,718)	(150,000)	(4,329,718)
Total Other Financing Sources (Uses)	27,600	-	-	-	(4,179,718)	4,029,718	(122,400)
Net Change in Fund Balances	1,989,071	(113,371)	64,154	(330,437)	(1,247,377)	(12,074,983)	(11,712,943)
Fund Balances - January 1	27,300,260	11,256,285	259,452	1,590,734	4,312,149	44,836,870	89,555,750
Fund Balances - December 31	29,289,331	11,142,914	323,606	1,260,297	3,064,772	32,761,887	77,842,807

Net Change in Fund Balances of Governmental Funds (11,712,943)

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. 16,652,858

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. 748,336

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. 575,683

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (71,221)

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. (37,066)

Change in Net Position of Governmental Activities 6,155,647

Town of Vail, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2017

	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	-	1,577,206	1,577,206	5,516,597
Cash and cash equivalents - Unrestricted	990,071	-	990,071	-
Accounts receivable, net of allowance for uncollectibles	20,104	-	20,104	5,699
Inventory	-	-	-	279,614
Prepaid expenses	354	-	354	500
Total Current Assets	1,010,529	1,577,206	2,587,735	5,802,410
Non-current Assets:				
Cash and cash equivalents - Restricted	84,479	-	84,479	-
Rent receivable	504,224	-	504,224	-
Property, plant, and equipment, net of accumulated depreciation	10,263,745	710,705	10,974,450	5,129,462
Total Non-current Assets	10,852,448	710,705	11,563,153	5,129,462
Total Assets	11,862,977	2,287,911	14,150,888	10,931,872
Liabilities:				
Current Liabilities:				
Accounts payable	27,254	6,597	33,851	392,429
Deposits payable	84,472	-	84,472	-
Unearned revenue	882	36,000	36,882	-
Accrued interest payable	41,154	-	41,154	-
Accrued salaries and wages	-	29,169	29,169	15,354
Current portion of compensated absences	-	27,318	27,318	16,946
Total Current Liabilities	153,762	99,084	252,846	424,729
Non-current Liabilities:				
Notes payable	8,484,687	-	8,484,687	-
Compensated absences, net of current portion	-	63,742	63,742	39,543
Total Non-current Liabilities	8,484,687	63,742	8,548,429	39,543
Total Liabilities	8,638,449	162,826	8,801,275	464,272
Net Position:				
Net investment in capital assets	2,679,058	710,705	3,389,763	5,129,462
Unrestricted	545,470	1,414,380	1,959,850	5,338,138
Total Net Position	3,224,528	2,125,085	5,349,613	10,467,600

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, 2017

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	
Operating Revenues:				
Charges for services - Internal	-	659,571	659,571	6,726,321
Charges for services - External	-	1,231,642	1,231,642	729,490
Rent	1,359,914	-	1,359,914	-
Ground lease	155,149	-	155,149	-
Insurance reimbursements	-	-	-	20,304
Other	22,425	19,994	42,419	18,354
Total Operating Revenues	1,537,488	1,911,207	3,448,695	7,494,469
Operating Expenses:				
Operations	503,646	2,570,391	3,074,037	2,424,603
Health claims and premiums	-	-	-	4,429,122
Depreciation	337,190	154,561	491,751	794,507
Total Operating Expenses	840,836	2,724,952	3,565,788	7,648,232
Operating Income (Loss)	696,652	(813,745)	(117,093)	(153,763)
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	-	776,809	776,809	-
Gain (loss) on disposal of assets	-	-	-	190,237
Investment income	1,230	7,511	8,741	37,167
Interest expense	(127,723)	-	(127,723)	-
Transfers in	-	150,000	150,000	-
Total Non-Operating Revenues (Expenses)	(126,493)	934,320	807,827	227,404
Income (Loss) Before Capital Contributions	570,159	120,575	690,734	73,641
Capital Contributions, Net	-	-	-	674,695
Change in Net Position	570,159	120,575	690,734	748,336
Net Position - January 1 (Restated)	2,654,369	2,004,510	4,658,879	9,719,264
Net Position - December 31	3,224,528	2,125,085	5,349,613	10,467,600

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, 2017

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	
Cash Flows From Operating Activities:				
Cash received from other funds	-	659,571	659,571	6,726,321
Cash received from tenants for rent	1,359,469	-	1,359,469	-
Cash received from (refunded to) tenants for security deposits, net	5,538	-	5,538	-
Other cash receipts	8,178	1,251,636	1,259,814	763,714
Cash paid for goods and services	(517,999)	(511,005)	(1,029,004)	(6,008,200)
Cash paid to employees	-	(2,018,245)	(2,018,245)	(1,119,324)
Net Cash Provided (Used) by Operating Activities	855,186	(618,043)	237,143	362,511
Cash Flows From Non-Capital Financing Activities:				
Transfer from (to) other funds	(361,769)	150,000	(211,769)	-
Cash received from operating grants	-	776,809	776,809	-
Net Cash Provided by Non-Capital Financing Activities	(361,769)	926,809	565,040	-
Cash Flows From Capital and Related Financing Activities:				
Cash received on disposal of fixed assets	-	-	-	220,303
Interest paid	(129,984)	-	(129,984)	-
Acquisition and construction of capital assets	(325,715)	(304,070)	(629,785)	(1,091,774)
Net Cash (Used) by Capital and Related Financing Activities	(455,699)	(304,070)	(759,769)	(871,471)
Cash Flows From Investing Activities:				
Interest on investments	1,230	7,511	8,741	37,167
Net Cash Provided by Investing Activities	1,230	7,511	8,741	37,167
Net Increase (Decrease) in Cash and Cash Equivalents	38,948	12,207	51,155	(471,793)
Cash and Cash Equivalents - January 1	1,035,602	1,564,999	2,600,601	5,988,390
Cash and Cash Equivalents - December 31	1,074,550	1,577,206	2,651,756	5,516,597
Cash and Cash Equivalents at December 31 is Comprised of:				
Equity in pooled cash and investments	-	1,577,206	1,577,206	5,516,597
Cash and cash equivalents - Unrestricted	990,071	-	990,071	-
Cash and cash equivalents - Restricted	84,479	-	84,479	-
Total - Cash and Cash Equivalents	1,074,550	1,577,206	2,651,756	5,516,597
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income/(Loss)	696,652	(813,745)	(117,093)	(153,763)
Adjustments:				
Depreciation	337,190	154,561	491,751	794,507
(Increase) decrease in accounts receivable	(14,247)	-	(14,247)	(4,434)
(Increase) decrease in rent receivable	(155,149)	-	(155,149)	-
(Increase) decrease in inventory	-	-	-	(13,439)
(Increase) decrease in prepaid expenses	(34)	-	(34)	(500)
Increase (decrease) in accounts payable	(14,319)	42	(14,277)	(253,918)
Increase (decrease) in tenant security deposits	5,538	-	5,538	-
Increase (decrease) in prepaid rent	(445)	-	(445)	-
Increase (decrease) in other liabilities	-	36,000	36,000	-
Increases (decreases) in accrued wages and benefits	-	5,099	5,099	(5,942)
Total Adjustments	158,534	195,702	354,236	516,274
Net Cash Provided (Used) by Operating Activities	855,186	(618,043)	237,143	362,511
Schedule of Non-Cash Investing, Capital and Financing Activities:				
Assets donated by Capital Projects Fund	-	-	-	674,695

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

Town of Vail, Colorado
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2017

	Pension Trust	Deferred Compensation Plan
Assets:		
Cash and investments - Restricted	71,274,952	16,936,295
Loans to participants	488,160	-
Total Assets	<u>71,763,112</u>	<u>16,936,295</u>
Net Position:		
Held in trust for pension benefits and other purposes	<u>71,763,112</u>	<u>16,936,295</u>
Total Net Position	<u><u>71,763,112</u></u>	<u><u>16,936,295</u></u>

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, 2017

	Pension Trust	Deferred Compensation Plan
Additions:		
Contributions	3,118,911	1,242,324
Investment income (loss)	8,937,527	2,006,448
Total Additions	<u>12,056,438</u>	<u>3,248,772</u>
Deductions:		
Professional fees	36,380	688
Benefits paid	2,541,224	747,297
Total Deductions	<u>2,577,604</u>	<u>747,985</u>
Change in Net Position	9,478,834	2,500,787
Net Position - January 1	<u>62,284,278</u>	<u>14,435,508</u>
Net Position - December 31	<u><u>71,763,112</u></u>	<u><u>16,936,295</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017

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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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, 2017, 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.

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 position resulting from the current year's activities.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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 *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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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.

E. Financial Statement Accounts

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts

2. Cash, Cash Equivalents, and Investments (continued)

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
- Government agency securities
- FDIC-insured certificates of deposit
- Colorado local government 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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

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 acquisition value.

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.

Assets under capital leases are recorded at the present value of future minimum lease payments and amortized over the shorter of the lease term or the estimated useful life of the asset.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Compensated Absences (continued)

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

12. Fund Balance Classifications

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.L.

	General Fund	Real Esate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing Disctict	Vail Reinvestment Authority	Capital Projects Fund
Non-spendable:						
Non-current receivables	685,466	-	-	-	-	-
Loans to other funds	-	-	-	-	-	8,484,687
Prepaid items	35,282	-	-	12,910	-	-
Total Non-spendable	720,748	-	-	12,910	-	8,484,687
Restricted:						
Emergency reserve	2,225,694	-	-	110,000	-	-
Police Funds	90,057	-	-	-	-	-
Tax increment financing	-	-	-	-	1,637,901	-
Total Restricted	2,315,751	-	-	110,000	1,637,901	-
Committed:						
Employees housing ownership program	4,534	-	-	-	-	-
Capital projects	-	-	-	-	-	19,790,743
Parks and recreation	-	11,142,914	-	-	-	-
Housing	-	-	-	-	-	316,557
Operating reserve	9,573,773	-	-	-	-	-
Destination marketing	-	-	323,606	1,137,387	-	-
Total Committed	9,578,307	11,142,914	323,606	1,137,387	-	20,107,300
Assigned:						
Capital maintenance	-	-	-	-	-	4,169,900
Debt service	-	-	-	-	1,426,871	-
Total Assigned	-	-	-	-	1,426,871	4,169,900

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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 \$189,155,435 difference is related to property, plant and equipment of \$342,193,510 less accumulated depreciation of \$153,038,075.

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 \$240,457 difference is comprised of pension forfeitures of \$199,303 and interest receivable of \$41,154.

Net position totaling \$10,467,600 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 \$10,448,388 difference is related to bonds and notes payable of \$8,805,000; capital lease obligations of \$60,589, accrued compensated absences of \$1,537,482; premium on issued debt of \$1,912; and interest payable of \$43,405.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

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

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 position 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 \$16,652,858 difference are comprised of capital outlay of \$26,716,079 less depreciation expense of \$9,962,105; and a loss on the disposal of assets of \$91,115.

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.

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	\$ (201,331)	\$ 219,865	\$ (15,972)
add/(less):			
Contribution from Capital Projects Fund	674,695	-	-
Loan principal repayment to Capital Projects Fund	-	361,769	-
Change in compensated absences	1,919	-	(12,962)
Capitalized assets	1,091,774	325,715	304,070
Depreciation	(794,507)	(337,190)	(154,561)
Net book value of disposed assets	(30,066)	-	-
Change in Net Position - GAAP Basis	<u>\$ 742,484</u>	<u>\$ 570,159</u>	<u>\$ 120,575</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The Town followed these procedures in preparing, approving, and enacting its budget for 2017:

- (1) For the 2017 budget year, prior to August 25, 2016, 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 2016 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2016, 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 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. 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.

The District's budget timetable varies from the Town's. The District followed these procedures in preparing, approving, and enacting its budget for 2017:

- (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 20, 2016.
- (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, 2016. The Board adopted the 2017 budget on November 1, 2016.
- (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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information – Vail Local Marketing District

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, 2017 fund balance in the General Fund for this purpose in the amount of \$2,225,694 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.

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 each year thereafter.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

The remaining restrictions of the TABOR Amendment apply, which are:

- 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 \$110,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2017.

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. Deposits 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 this 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.

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 \$22,858,536. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2017.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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, 2017, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair Value:</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit	\$ 10,369,589	\$ -	\$ 10,369,589	\$ -
Government agency securities	16,922,027	-	16,922,027	-
Mortgage pools	11,205,634	-	-	11,205,634
Total	<u>\$ 38,497,250</u>	<u>\$ -</u>	<u>\$ 27,291,616</u>	<u>\$ 11,205,634</u>

Investments Measured at Net Asset Value:

Colotrust	<u>\$ 5,781,440</u>
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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. agencies, 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 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. They operate 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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Colotrust	AAAm	8%

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

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Cash on hand			\$ 1,980
Demand deposits			31,771,674
Certificates of deposit		<1 year	1,537,754
Certificates of deposit		<5 years	8,831,835
Total deposits			<u>\$ 42,143,243</u>
Investments:			
US agencies - FHLMC, FHLB, FNMA	AA+	<5 years	\$ 16,922,027
Mortgage pools	AA+	N/A	11,205,634
Colotrust	AAAm	N/A	5,781,440
Pension and Section 457 investments	N/A	N/A	88,699,408
Total investments			<u>122,608,509</u>
Total deposits and investments			<u><u>\$ 164,751,752</u></u>
Reconciliation to Statement of Net Position:			
Equity in pooled cash and investments			\$ 67,215,020
Unrestricted cash and cash equivalents			7,614,832
Cash and cash equivalents - Restricted			1,710,653
Fiduciary Funds			88,211,247
Total			<u><u>\$ 164,751,752</u></u>

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

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	\$ 5,051,126	\$ -	\$ -	\$ -	\$ -
Other taxes	4,690,714	6,137	109,180	-	628,339
Other governments	403,109	20,000	-	-	-
Other	431,479	175,518	178,690	-	-
Gross Receivables	10,576,428	201,655	287,870	-	628,339
Less: Allowance for uncollectibles	(1,000)	-	-	-	-
Net Receivables	\$ 10,575,428	\$ 201,655	\$ 287,870	\$ -	\$ 628,339

	Timber Ridge	Vail Rein- vestment Authority	Heavy Equip- ment Fund	Dispatch Services Fund	Health Insurance Fund	Total
Receivables:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,051,126
Other taxes	-	-	-	-	-	5,434,370
Other governments	-	-	-	-	-	423,109
Other	20,104	-	2,196	-	3,503	811,490
Gross Receivables	20,104	-	2,196	-	3,503	11,720,095
Less: Allowance for uncollectibles	-	-	-	-	-	(1,000)
Net Receivables	\$ 20,104	\$ -	\$ 2,196	\$ -	\$ 3,503	\$ 11,719,095

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 \$2,159,266 and is comprised of the following:

	General Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Total
Unearned revenues:				
Library grants	\$ 93,025	\$ -	\$ -	\$ 93,025
Police programs	62,258	-	-	62,258
Construction projects	-	1,885,945	118,038	2,003,983
	\$ 155,283	\$ 1,885,945	\$ 118,038	\$ 2,159,266

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Unearned revenue for construction projects in the Capital Projects Fund includes \$1,145,614 collected from Holy Cross Energy for community enhancement to place utilities underground. The other \$740,331 was collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

Loans receivable at December 31, 2017 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, 2017 was \$685,466.

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Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 27,430,658	\$ -	\$ -	\$ 27,430,658
Art	2,090,024	261,810	(3,500)	2,348,334
Construction in Process	1,883,106	16,393,429	-	18,276,535
Total Capital Assets, Not Being Depreciated	<u>31,403,788</u>	<u>16,655,239</u>	<u>(3,500)</u>	<u>48,055,527</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	110,152,982	2,705,414	(152,137)	112,706,259
Infrastructure and improvements	145,282,036	2,620,652	(8,516)	147,894,172
Equipment and vehicles	42,029,851	5,819,942	(1,479,598)	46,370,195
Total Capital Assets Being Depreciated	<u>297,464,869</u>	<u>11,146,008</u>	<u>(1,640,251)</u>	<u>306,970,626</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(53,193,122)	(2,694,994)	118,608	(55,769,508)
Infrastructure and improvements	(70,513,989)	(4,508,617)	2,129	(75,020,477)
Equipment and vehicles	(28,592,569)	(2,760,534)	1,401,833	(29,951,270)
Total Accumulated Depreciation	<u>(152,299,680)</u>	<u>(9,964,145)</u>	<u>1,522,570</u>	<u>(160,741,255)</u>
Total Capital Assets Being Depreciated, Net	<u>145,165,189</u>	<u>1,181,863</u>	<u>(117,681)</u>	<u>146,229,371</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 176,568,977</u></u>	<u><u>\$ 17,837,102</u></u>	<u><u>\$ (121,181)</u></u>	<u><u>\$ 194,284,898</u></u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,399,500	\$ -	\$ -	\$ 4,399,500
Total Capital Assets, Not Being Depreciated	<u>4,399,500</u>	<u>-</u>	<u>-</u>	<u>4,399,500</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	8,736,776	225,505	-	8,962,281
Infrastructure and improvements	757,872	100,210	-	858,082
Equipment	2,364,839	304,070	(69,500)	2,599,409
Total Capital Assets Being Depreciated	<u>11,859,487</u>	<u>629,785</u>	<u>(69,500)</u>	<u>12,419,772</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(3,624,427)	(196,564)	-	(3,820,991)
Infrastructure and improvements	-	(136,076)	-	(136,076)
Equipment	(1,797,579)	(159,676)	69,500	(1,887,755)
Total Accumulated Depreciation	<u>(5,422,006)</u>	<u>(492,316)</u>	<u>69,500</u>	<u>(5,844,822)</u>
Total Capital Assets Being Depreciated, Net	<u>6,437,481</u>	<u>137,469</u>	<u>-</u>	<u>6,574,950</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 10,836,981</u></u>	<u><u>\$ 137,469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,974,450</u></u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

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	\$ 1,271,101
Public safety	536,442
Public works and transportation	6,042,275
Culture and recreation	2,114,327
Total Depreciation Expense - Governmental Activities	<u>\$ 9,964,145</u>

Business-type Activities:

Dispatch services	\$ 155,126
Housing	337,190
Total Depreciation - Business-type Activities	<u>\$ 492,316</u>

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

	<u>Years</u>
Buildings	25 - 40
Building improvements	7 - 25
Infrastructure	5 - 50
Vehicles	5 - 15
Equipment	5 - 25

At December 31, 2017, the Town had \$71,567,120 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, 2017, the rent receivable accrued in the Timber Ridge Enterprise Fund was \$504,224. No payments are due from Lion's Ridge until 2025.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers

At December 31, 2017, Vail Reinvestment Authority owed the Capital Projects Fund and General Fund \$4,179,718 and \$80,542 respectively in connection with construction projects within the Lionshead district, including the design and construction of the I-70 underpass and the Red Sandstone Parking Structure and administrative fees.

The following promissory notes payable from the Timber Ridge Enterprise Fund to the Town, which aggregate to \$8,484,687 as of December 31, 2017 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 2017. The aggregate outstanding principal balance of these promissory notes at December 31, 2017 was \$1,900,000.
- An \$8 million promissory note which bears interest at the rate of 1.5% per annum, with blended annual payments, and maturing December 1, 2033. Timber Ridge remitted \$101,483 in interest to the Town during 2017 and, as of December 31, 2017, had accrued a total of \$41,154 in interest payable to the Town relating to the \$8 million note. The aggregate outstanding principal balance of this promissory note at December 31, 2017 was \$6,584,688.

Remaining debt service requirements for the \$8 million promissory note are as follows:

	Principal	Interest	Total
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	389,728	73,315	463,043
2023-2027	2,038,102	276,441	2,314,544
2028-2032	2,195,615	117,747	2,313,362
2033	459,080	3,443	462,523
Totals	\$ 6,584,688	\$ 821,382	\$ 7,406,071

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

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 payments are due 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 payments are due 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. As of October 1, 2015, the refundable credit decreased by 6.8% and as of October 1, 2016, the credit was reduced 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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

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, 2017 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 \$3,448,884 at December 31, 2017 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, 2017.

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

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax-Increment Bonds, Series 2010A	\$ 1,050,000	\$ -	\$ (515,000)	\$ 535,000	\$ 535,000
Tax-Increment Bonds, Series 2010B	8,270,000	-	-	8,270,000	-
Issuance premium	5,663	-	(3,751)	1,912	-
	<u>9,325,663</u>	<u>-</u>	<u>(518,751)</u>	<u>8,806,912</u>	<u>535,000</u>
Capital leases	-	121,272	(60,683)	60,589	29,699
Compensated absences	1,558,823	35,147	-	1,593,970	491,226
Total Governmental Activities Long-term Liabilities	<u>\$ 20,210,149</u>	<u>\$ 156,419</u>	<u>\$ (1,098,185)</u>	<u>\$ 19,268,383</u>	<u>\$ 1,590,925</u>
Business-type Activities:					
Compensated absences	\$ 78,097	\$ 12,963	\$ -	\$ 91,060	\$ 27,318
Total Business-type Activities Long-term Liabilities	<u>\$ 78,097</u>	<u>\$ 12,963</u>	<u>\$ -</u>	<u>\$ 91,060</u>	<u>\$ 27,318</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

Debt service requirements at December 31, 2017 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
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	615,000	401,741	1,016,741
2023-2027	3,470,000	1,397,013	4,867,013
2028-2030	2,460,000	250,378	2,710,378
Total Governmental Activities	<u><u>\$ 8,805,000</u></u>	<u><u>\$ 3,987,437</u></u>	<u><u>\$ 12,792,437</u></u>

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. Long-term Liabilities – Capital Leases

In March 2017, the Town entered into a capital lease agreement for the purchase of a phone system. The total amount financed was \$121,272, with implied interest of 4% per annum. The lease requires annual payments of \$32,124 through 2019.

Capital lease requirements at December 31, 2017 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2018	\$ 29,701	\$ 2,424	\$ 32,124
2019	30,889	1,236	32,124
Total Governmental Activities	<u><u>\$ 60,589</u></u>	<u><u>\$ 3,659</u></u>	<u><u>\$ 64,249</u></u>

L. 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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

L. Fund Balance Disclosures (continued)

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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

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.

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, 2017 of \$71,274,952 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 2017 covered payroll was \$18,942,379; of which \$17,087,295 was for permanent employees and \$1,855,083 was for seasonal staff. Total 2017 payroll for all Town employees was \$19,186,696.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

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

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.

The total assets of the 457 Plan were \$16,936,295 at December 31, 2017. 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, 2017.

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, 2017.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

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.

VI. Prior Period Adjustment

The Town has restated the beginning balances of accumulated depreciation to reflect an increase of \$36,094,629 and a reduction of \$53,757 in the government-wide net position for governmental activities and business-type activities for respective historical excess and insufficient depreciation.

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales taxes	16,182,000	15,831,700	15,831,698	(2)	15,865,000
Property and ownership taxes	4,891,307	4,891,307	4,940,193	48,886	4,911,842
Ski area lift ticket admissions tax	4,964,400	4,964,400	4,708,765	(255,635)	5,032,970
Franchise tax	1,080,180	1,080,180	1,088,493	8,313	1,086,149
Penalties and interest on delinquent taxes	34,885	34,885	20,003	(14,882)	76,052
Total - Taxes	<u>27,152,772</u>	<u>26,802,472</u>	<u>26,589,152</u>	<u>(213,320)</u>	<u>26,972,013</u>
Permits and Licenses:					
Construction fees	795,675	795,675	1,001,192	205,517	974,331
Contractors' licenses	58,477	58,477	49,526	(8,951)	35,486
Other permits and licenses	768,948	768,948	713,022	(55,926)	662,867
Total - Permits and Licenses	<u>1,623,100</u>	<u>1,623,100</u>	<u>1,763,740</u>	<u>140,640</u>	<u>1,672,684</u>
Intergovernmental:					
County sales tax	835,200	835,200	836,588	1,388	840,206
County road and bridge	764,082	764,082	655,534	(108,548)	652,307
Additional motor vehicle registration fees	26,000	26,000	26,856	856	26,977
Cigarette tax	74,000	74,000	66,769	(7,231)	75,376
Highway users tax	224,000	224,000	217,761	(6,239)	218,130
Other county sources	87,500	87,500	87,500	-	92,500
Other state sources	-	330,365	415,235	84,870	159,782
Federal sources	-	-	2,090	2,090	-
Total - Intergovernmental	<u>2,010,782</u>	<u>2,341,147</u>	<u>2,308,333</u>	<u>(32,814)</u>	<u>2,065,278</u>
Charges for Services:					
Management fees - Vail					
Local Marketing District	125,000	125,000	120,000	(5,000)	112,000
Internal service charge	478,457	478,457	512,438	33,981	529,596
Out of district fire response	101,528	101,528	17,296	(84,232)	47,625
Alarm monitoring fees	24,565	24,565	21,261	(3,304)	20,886
Parking	5,155,000	5,155,000	4,902,756	(252,244)	5,230,062
Fines and forfeitures	249,170	249,170	258,728	9,558	214,258
Rents	1,013,837	1,068,837	1,027,199	(41,638)	1,019,509
Other charges, services, and sales	299,319	299,319	290,369	(8,950)	297,974
Total - Charges for Services	<u>7,446,876</u>	<u>7,501,876</u>	<u>7,150,047</u>	<u>(351,829)</u>	<u>7,471,910</u>
Other Revenues:					
Earnings on investments	120,000	120,000	208,432	88,432	83,624
Miscellaneous	161,000	195,253	247,785	52,532	181,178
Total - Other Revenues	<u>281,000</u>	<u>315,253</u>	<u>456,217</u>	<u>140,964</u>	<u>264,802</u>
Total Revenues	<u>38,514,530</u>	<u>38,583,848</u>	<u>38,267,489</u>	<u>(316,359)</u>	<u>38,446,687</u>

(Continued)

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016
(Continued)

	2017			2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Expenditures:				
General Government:				
Town officials	1,709,983	1,695,889	1,280,282	415,607
Administrative	4,945,251	4,998,751	4,511,388	487,363
Community development	2,050,806	2,125,806	1,607,169	518,637
Total - General Government	<u>8,706,040</u>	<u>8,820,446</u>	<u>7,398,839</u>	<u>1,421,607</u>
Public Safety:				
Police department	5,932,714	5,971,306	5,734,473	236,833
Fire department	4,199,043	4,464,987	4,451,108	13,879
Total - Public Safety	<u>10,131,757</u>	<u>10,436,293</u>	<u>10,185,581</u>	<u>250,712</u>
Public Works and Transportation:				
Highways and streets	4,702,186	4,726,656	4,423,028	303,628
Transportation	5,014,001	5,115,001	5,216,267	(101,266)
Parking operations	1,400,215	1,499,215	1,405,212	94,003
Facility maintenance	3,575,096	3,623,320	3,713,247	(89,927)
Total - Public Works and Transportation	<u>14,691,498</u>	<u>14,964,192</u>	<u>14,757,754</u>	<u>206,438</u>
Culture and Recreation:				
Special recreation facilities	285,750	300,750	288,044	12,706
Library	897,683	930,476	948,519	(18,043)
Total - Culture and Recreation	<u>1,183,433</u>	<u>1,231,226</u>	<u>1,236,563</u>	<u>(5,337)</u>
Economic Development:				
Contributions, marketing, and special events	2,643,575	2,780,669	2,727,281	53,388
Total - Economic Development	<u>2,643,575</u>	<u>2,780,669</u>	<u>2,727,281</u>	<u>53,388</u>
Total Expenditures	<u>37,356,303</u>	<u>38,232,826</u>	<u>36,306,018</u>	<u>1,926,808</u>
Excess (Deficiency) of Revenues Over Expenditures	1,158,227	351,022	1,961,471	1,610,449
Other Financing Sources (Uses):				
Sale of assets	-	-	27,600	27,600
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>27,600</u>	<u>27,600</u>
Net Change in Fund Balance	1,158,227	351,022	1,989,071	1,638,049
Fund Balance - January 1	<u>23,619,175</u>	<u>27,300,260</u>	<u>27,300,260</u>	<u>-</u>
Fund Balance - December 31	<u>24,777,402</u>	<u>27,651,282</u>	<u>29,289,331</u>	<u>1,638,049</u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017			2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Real estate transfer tax	5,850,000	5,850,000	6,313,610	463,610
Intergovernmental Revenue:				
Lottery revenue	20,000	20,000	27,004	7,004
Other county revenue	-	20,000	20,000	-
Other state revenue	700,000	842,643	7,518	(835,125)
Total - Intergovernmental Revenue	720,000	882,643	54,522	(828,121)
Charges for Services:				
Recreation amenities fee	10,000	10,000	27,397	17,397
Land lease to Vail Recreation District	140,094	140,094	141,605	1,511
Total - Charges for Services	150,094	150,094	169,002	18,908
Other:				
Project reimbursements	-	76,650	122,665	46,015
Donations	-	23,855	19,257	(4,598)
Interest on investments	33,064	33,064	79,119	46,055
Other	-	16,000	17,480	1,480
Total - Other	33,064	149,569	238,521	88,952
Total Revenues	6,753,158	7,032,306	6,775,655	(256,651)
Expenditures:				
Culture and Recreation:				
Project management	292,500	292,500	315,681	(23,181)
Park maintenance	1,577,134	1,577,134	1,506,457	70,677
Environmental sustainability	474,645	501,415	473,331	28,084
Art in public places	106,846	106,846	107,170	(324)
Total - Culture and Recreation	2,451,125	2,477,895	2,402,639	75,256
Public Works:				
Capital projects	5,734,135	11,831,720	4,244,957	7,586,763
Public Safety				
Fire suppression	268,655	268,655	241,430	27,225
Total Expenditures	8,453,915	14,578,270	6,889,026	7,689,244
Excess (Deficiency) of Revenues Over Expenditures	(1,700,757)	(7,545,964)	(113,371)	7,432,593
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(1,700,757)	(7,545,964)	(113,371)	7,432,593
Fund Balance - January 1	4,423,431	11,256,285	11,256,285	-
Fund Balance - December 31	2,722,674	3,710,321	11,142,914	7,432,593

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017			2016	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Permits and Licenses:					
Business licenses	380,000	380,000	384,253	4,253	383,532
Other:					
Interest on investments	1,500	1,500	3,115	1,615	793

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Lodging tax	3,300,000	3,300,000	3,303,027	3,027	3,198,625
Other:					
Interest on investments	2,000	2,000	147	(1,853)	390
Miscellaneous	-	-	-	-	1,332
Total - Other	<u>2,000</u>	<u>2,000</u>	<u>147</u>	<u>(1,853)</u>	<u>1,722</u>
Total Revenues	<u>3,302,000</u>	<u>3,302,000</u>	<u>3,303,174</u>	<u>1,174</u>	<u>3,200,347</u>
Expenditures:					
Economic Development:					
Destination	1,580,500	1,612,500	1,602,758	9,742	1,212,997
Front Range	264,000	264,000	265,230	(1,230)	247,367
Groups and meetings	752,965	752,965	670,198	82,767	700,248
Marketing	518,000	533,000	578,139	(45,139)	551,904
Special events	125,000	78,000	3,990	74,010	21,250
Purchased services	509,535	509,535	513,296	(3,761)	428,045
Total Expenditures	<u>3,750,000</u>	<u>3,750,000</u>	<u>3,633,611</u>	<u>116,389</u>	<u>3,161,811</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(448,000)</u>	<u>(448,000)</u>	<u>(330,437)</u>	<u>117,563</u>	<u>38,536</u>
Fund Balance - January 1	<u>1,503,738</u>	<u>1,590,734</u>	<u>1,590,734</u>	<u>-</u>	<u>1,552,198</u>
Fund Balance - December 31	<u><u>1,055,738</u></u>	<u><u>1,142,734</u></u>	<u><u>1,260,297</u></u>	<u><u>117,563</u></u>	<u><u>1,590,734</u></u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017			2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Property tax	4,310,390	4,310,390	4,514,083	203,693
Other:				
Interest on investments	1,600	1,600	3,272	1,672
Interest subsidy (Build America Bonds)	168,337	168,337	168,427	90
Total Revenues	<u>4,480,327</u>	<u>4,480,327</u>	<u>4,685,782</u>	<u>205,455</u>
Expenditures:				
Economic Development:				
Administration	75,640	75,640	80,715	(5,075)
Fiscal agent fees	2,200	2,200	2,420	(220)
Treasurer's fees	129,312	129,312	135,427	(6,115)
Professional fees	10,000	10,000	8,087	1,913
Vail Square Metro District	512,539	512,539	464,039	48,500
Total Economic Development	<u>729,691</u>	<u>729,691</u>	<u>690,688</u>	<u>39,003</u>
Debt Service:				
Principal	515,000	515,000	515,000	-
Interest	547,753	547,753	547,753	-
Total Debt Service	<u>1,062,753</u>	<u>1,062,753</u>	<u>1,062,753</u>	<u>-</u>
Total Expenditures	<u>1,792,444</u>	<u>1,792,444</u>	<u>1,753,441</u>	<u>39,003</u>
Excess (Deficiency) of Revenues Over Expenditures	2,687,883	2,687,883	2,932,341	244,458
Other Financing Sources (Uses):				
Transfers out	(3,585,000)	(5,876,911)	(4,179,718)	1,697,193
Total Other Financing Sources (Uses)	<u>(3,585,000)</u>	<u>(5,876,911)</u>	<u>(4,179,718)</u>	<u>1,697,193</u>
Net Change in Fund Balance	(897,117)	(3,189,028)	(1,247,377)	1,941,651
Fund Balance - January 1	<u>3,389,766</u>	<u>4,312,149</u>	<u>4,312,149</u>	<u>-</u>
Fund Balance - December 31	<u>2,492,649</u>	<u>1,123,121</u>	<u>3,064,772</u>	<u>1,941,651</u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Sales tax	9,918,000	9,703,300	10,317,753	614,453	10,223,952
Construction use tax	1,545,000	1,545,000	1,740,754	195,754	1,688,841
Total - Taxes	11,463,000	11,248,300	12,058,507	810,207	11,912,793
Intergovernmental:					
County revenues	-	260,305	-	(260,305)	-
State grants	-	710,048	3,402	(706,646)	124,070
Federal grants	-	-	60,293	60,293	26,786
Total - Intergovernmental	-	970,353	63,695	(906,658)	150,856
Charges for Services:					
Leases - Vail Commons	159,135	159,135	159,135	-	159,135
Resale fees	-	-	-	-	6,755
Total - Charges for Services	159,135	159,135	159,135	-	165,890
Other:					
Interest on investments	576,840	605,340	355,034	(250,306)	184,147
Project reimbursements/shared costs	65,000	1,676,971	206,306	(1,470,665)	299,595
Construction fees	-	771,557	569,327	(202,230)	505,277
Workforce housing sales and other	-	-	-	-	3,250
Total - Other	641,840	3,053,868	1,130,667	(1,923,201)	992,269
Total Revenues	12,263,975	15,431,656	13,412,004	(2,019,652)	13,221,808
Expenditures:					
Public Works:					
Capital lease principal	-	-	60,683	60,683	-
Interest	-	-	3,565	3,565	-
Capital projects and acquisition	15,212,020	52,091,392	29,452,457	22,638,935	12,178,634
Total - Public Works	15,212,020	52,091,392	29,516,705	22,703,183	12,178,634
Excess (Deficiency) of Revenues Over Expenditures	(2,948,045)	(36,659,736)	(16,104,701)	20,683,531	1,043,174
Other Financing Sources (Uses):					
Transfers in	3,585,000	5,876,912	4,179,718	(1,697,194)	3,251,399
Transfers (out)	-	(150,000)	(150,000)	-	-
Total Other Financing Sources (Uses)	3,585,000	5,726,912	4,029,718	(1,697,194)	3,251,399
Net Change in Fund Balance	636,955	(30,932,824)	(12,074,983)	18,986,337	4,294,573
Fund Balance - January 1	15,828,727	44,836,870	44,836,870	-	40,542,297
Fund Balance - December 31	16,465,682	13,904,046	32,761,887	18,986,337	44,836,870

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017			2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Operating Revenues:				
Rent	1,402,441	1,364,441	1,359,914	(4,527)
Ground lease	-	-	155,149	155,149
Other	20,040	20,040	22,425	2,385
Total Operating Revenues	<u>1,422,481</u>	<u>1,384,481</u>	<u>1,537,488</u>	<u>153,007</u>
Operating Expenses:				
Operating expenses	529,026	529,026	503,646	25,380
Capital outlay	281,273	326,273	325,715	558
Total Operating Expenses	<u>810,299</u>	<u>855,299</u>	<u>829,361</u>	<u>25,938</u>
Operating Income (Loss) - Budget Basis	612,182	529,182	708,127	178,945
Non-operating Revenues (Expenses):				
Interest on investments	1,866	1,866	1,230	(636)
Interest expense	(129,983)	(129,983)	(127,723)	2,260
Loan principal repayment to Capital Projects Fund	(361,769)	(361,769)	(361,769)	-
Total Non-operating Revenue (Expenses)	<u>(489,886)</u>	<u>(489,886)</u>	<u>(488,262)</u>	<u>1,624</u>
Change in Net Position - Budget Basis	<u>122,296</u>	<u>39,296</u>	219,865	<u>180,569</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Loan principal repayment to Capital Projects Fund			361,769	356,423
Depreciation			(337,190)	(327,737)
Capitalized assets			325,715	207,337
Total Adjustments			<u>350,294</u>	<u>236,023</u>
Change in Net Position - GAAP Basis			<u>570,159</u>	<u>530,813</u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Dispatch service fee	663,307	663,307	659,571	(3,736)	663,214
Dispatching contracts	1,245,407	1,245,407	1,231,642	(13,765)	1,175,963
Other charges	-	415,815	19,994	(395,821)	28,112
Total Operating Revenues	<u>1,908,714</u>	<u>2,324,529</u>	<u>1,911,207</u>	<u>(413,322)</u>	<u>1,867,289</u>
Operating Expenses:					
Public Safety:					
Salaries and benefits	2,076,804	2,092,014	2,010,382	81,632	1,937,210
Operating expenses	895,910	1,446,515	851,117	595,398	468,731
Total Operating Expenses	<u>2,972,714</u>	<u>3,538,529</u>	<u>2,861,499</u>	<u>677,030</u>	<u>2,405,941</u>
Operating (Loss) - Budget Basis	(1,064,000)	(1,214,000)	(950,292)	263,708	(538,652)
Non-operating Revenues:					
Operating grant - E-911 Board	766,809	766,809	776,809	10,000	742,627
Earnings on investments	6,594	6,594	7,511	917	1,052
Total Non-operating Revenues	<u>773,403</u>	<u>773,403</u>	<u>784,320</u>	<u>10,917</u>	<u>743,679</u>
Income (Loss) Before Transfers	(290,597)	(440,597)	(165,972)	274,625	205,027
Transfers In	-	-	150,000	150,000	-
Change in Net Position - Budget Basis	<u>(290,597)</u>	<u>(440,597)</u>	(15,972)	<u>424,625</u>	205,027
Adjustments:					
Change in compensated absences			(12,962)		(15,454)
Depreciation			(154,561)		(153,087)
Capitalized assets			304,070		-
Total Adjustments			<u>136,547</u>		<u>(168,541)</u>
Change in Net Position - GAAP Basis			<u>120,575</u>		<u>36,486</u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Operating charges	2,369,801	2,369,801	2,331,493	(38,308)	2,481,748
Replacement charges	698,993	698,993	694,828	(4,165)	586,460
Total - Charges and Fees	<u>3,068,794</u>	<u>3,068,794</u>	<u>3,026,321</u>	<u>(42,473)</u>	<u>3,068,208</u>
Other:					
Insurance reimbursements	10,000	10,000	20,304	10,304	47,099
Other	-	-	18,354	18,354	12,494
Total - Other	<u>10,000</u>	<u>10,000</u>	<u>38,658</u>	<u>28,658</u>	<u>59,593</u>
Total Operating Revenues	<u>3,078,794</u>	<u>3,078,794</u>	<u>3,064,979</u>	<u>(13,815)</u>	<u>3,127,801</u>
Operating Expenses:					
Public Works:					
Vehicle maintenance and fuel	2,462,949	2,472,949	2,406,522	66,427	2,283,090
Capital outlay	1,155,200	1,280,200	1,091,774	188,426	972,958
Total Operating Expenses	<u>3,618,149</u>	<u>3,753,149</u>	<u>3,498,296</u>	<u>254,853</u>	<u>3,256,048</u>
Operating Income (Loss) - Budget Basis	(539,355)	(674,355)	(433,317)	241,038	(128,247)
Non-operating Revenues:					
Earnings on investments	14,209	14,209	11,683	(2,526)	2,751
Proceeds from sale of assets	152,730	152,730	220,303	67,573	48,360
Total Non-operating Revenues	<u>166,939</u>	<u>166,939</u>	<u>231,986</u>	<u>65,047</u>	<u>51,111</u>
Change in Net Position - Budget Basis	<u>(372,416)</u>	<u>(507,416)</u>	(201,331)	<u>306,085</u>	(77,136)
Reconciliation to GAAP Basis:					
Adjustments:					
Contributed from other funds			674,695		176,307
Net book value of disposed assets			(30,066)		(27,501)
Depreciation			(794,507)		(738,022)
Change in accrued compensated absences			1,919		(5,018)
Capitalized assets			1,091,774		972,958
Total Adjustments			<u>943,815</u>		<u>378,724</u>
Change in Net Position - GAAP Basis			<u>742,484</u>		<u>301,588</u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Insurance premiums	3,500,000	3,500,000	3,700,000	200,000	3,300,000
Insurance premiums - Employee contributions	650,000	650,000	729,490	79,490	677,553
Insurer proceeds	-	-	-	-	1,265
Other	-	-	-	-	575
Total Operating Revenues	<u>4,150,000</u>	<u>4,150,000</u>	<u>4,429,490</u>	<u>279,490</u>	<u>3,979,393</u>
Operating Expenses:					
General Government:					
Health claims	3,340,908	3,790,908	3,684,452	106,456	3,045,743
Premiums	735,716	735,716	744,670	(8,954)	724,572
Administrative fees	46,010	46,010	20,000	26,010	35,355
Total Operating Expenses	<u>4,122,634</u>	<u>4,572,634</u>	<u>4,449,122</u>	<u>123,512</u>	<u>3,805,670</u>
Operating Income (Loss)	27,366	(422,634)	(19,632)	403,002	173,723
Non-operating Revenues:					
Earnings on investments	<u>12,000</u>	<u>12,000</u>	<u>25,484</u>	<u>13,484</u>	<u>4,125</u>
Change in Net Position	<u>39,366</u>	<u>(410,634)</u>	<u>5,852</u>	<u>416,486</u>	<u>177,848</u>

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, 2017

	Heavy Equipment Fund	Health Insurance Fund	Total
Assets:			
Current Assets:			
Equity in pooled cash and investments	1,735,830	3,780,767	5,516,597
Accounts receivable, net of allowance for uncollectibles	2,196	3,503	5,699
Inventory	279,614	-	279,614
Prepaid expenses	-	500	500
Total Current Assets	<u>2,017,640</u>	<u>3,784,770</u>	<u>5,802,410</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	<u>5,129,462</u>	<u>-</u>	<u>5,129,462</u>
Total Assets	<u>7,147,102</u>	<u>3,784,770</u>	<u>10,931,872</u>
Liabilities:			
Current Liabilities:			
Accounts payable	57,321	335,108	392,429
Accrued salaries and wages	15,354	-	15,354
Current portion of compensated absences	16,946	-	16,946
Total Current Liabilities	<u>89,621</u>	<u>335,108</u>	<u>424,729</u>
Non-current Liabilities:			
Compensated absences, net of current portion	<u>39,543</u>	<u>-</u>	<u>39,543</u>
Total Liabilities	<u>129,164</u>	<u>335,108</u>	<u>464,272</u>
Net Position:			
Invested in capital assets, net of related debt	5,129,462	-	5,129,462
Unrestricted	1,888,476	3,449,662	5,338,138
Total Net Position	<u>7,017,938</u>	<u>3,449,662</u>	<u>10,467,600</u>

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, 2017

	Heavy Equipment Fund	Health Insurance Fund	Total
Operating Revenues:			
Charges for services - Internal	3,026,321	3,700,000	6,726,321
Charges for services - External	-	729,490	729,490
Insurance reimbursements	20,304	-	20,304
Other	18,354	-	18,354
Total Operating Revenues	<u>3,064,979</u>	<u>4,429,490</u>	<u>7,494,469</u>
Operating Expenses:			
Operations	2,404,603	20,000	2,424,603
Health claims and premiums	-	4,429,122	4,429,122
Depreciation	794,507	-	794,507
Total Operating Expenses	<u>3,199,110</u>	<u>4,449,122</u>	<u>7,648,232</u>
Operating Income (Loss)	<u>(134,131)</u>	<u>(19,632)</u>	<u>(153,763)</u>
Non-operating Revenues (Expenses):			
Gain (loss) on disposal of assets	190,237	-	190,237
Investment income	11,683	25,484	37,167
Total Non-operating Revenues (Expenses)	<u>201,920</u>	<u>25,484</u>	<u>227,404</u>
Income (Loss) Before Transfers and Capital Contributions	67,789	5,852	73,641
Capital Contributions, Net	<u>674,695</u>	<u>-</u>	<u>674,695</u>
Change in Net Position	742,484	5,852	748,336
Net Position - January 1 (Restated)	<u>6,275,454</u>	<u>3,443,810</u>	<u>9,719,264</u>
Net Position - December 31	<u><u>7,017,938</u></u>	<u><u>3,449,662</u></u>	<u><u>10,467,600</u></u>

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, 2017

	Heavy Equipment Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:			
Cash received from other funds	3,026,321	3,700,000	6,726,321
Other cash receipts	36,462	727,252	763,714
Cash paid for goods and services	(1,553,486)	(4,454,714)	(6,008,200)
Cash paid to employees	(1,119,324)	-	(1,119,324)
Net Cash Provided (Used) by Operating Activities	<u>389,973</u>	<u>(27,462)</u>	<u>362,511</u>
Cash Flows From Capital and Related Financing Activities:			
Cash received from sale of fixed assets	220,303	-	220,303
Acquisition and construction of capital assets	(1,091,774)	-	(1,091,774)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(871,471)</u>	<u>-</u>	<u>(871,471)</u>
Cash Flows From Investing Activities:			
Interest on investments	11,683	25,484	37,167
Net Cash Provided (Used) by Investing Activities	<u>11,683</u>	<u>25,484</u>	<u>37,167</u>
Net Change in Cash and Cash Equivalents	(469,815)	(1,978)	(471,793)
Cash and Cash Equivalents - Beginning	<u>2,205,645</u>	<u>3,782,745</u>	<u>5,988,390</u>
Cash and Cash Equivalents - Ending	<u><u>1,735,830</u></u>	<u><u>3,780,767</u></u>	<u><u>5,516,597</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>(134,131)</u>	<u>(19,632)</u>	<u>(153,763)</u>
Adjustments:			
Depreciation	794,507	-	794,507
(Increase) decrease in accounts receivable	(2,196)	(2,238)	(4,434)
(Increase) decrease in inventory	(13,439)	-	(13,439)
(Increase) decrease in prepaid expenses	-	(500)	(500)
Increase (decrease) in accounts payable	(248,826)	(5,092)	(253,918)
Increase (decrease) in accrued wages and benefits	(5,942)	-	(5,942)
Total Adjustments	<u>524,104</u>	<u>(7,830)</u>	<u>516,274</u>
Net Cash Provided (Used) by Operating Activities	<u><u>389,973</u></u>	<u><u>(27,462)</u></u>	<u><u>362,511</u></u>
Schedule of Non-cash Investing, Capital and Financing Activities:			
Assets donated by Capital Projects Fund	<u><u>674,695</u></u>	<u><u>-</u></u>	<u><u>674,695</u></u>

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

Project Number	Project Name	2017		Variance	2016
		Final Budget	Actual	Positive (Negative)	Actual
CBI010	Fire Infrastructure / Main Vail Fire Stn	838,228	571,925	266,303	2,730,902
CBI021	Donovan Park Pavilion	10,000	-	10,000	-
CBI025	Colorado Ski Museum Renovation	500,000	-	500,000	-
CEP002	Hybrid Bus Battery Replacement	431,772	-	431,772	-
CEP004	Replace Buses	6,603,500	3,373,913	3,229,587	4,000
CEP005	Hardware Purchases	175,000	140,346	34,654	143,002
CEP006	Radio Replacement	279,205	18,865	260,340	-
CEP007	Phone System Upgrade	82,855	13,927	68,928	47,797
CEP008	Parking Entry System	34,200	16,163	18,037	-
CEP010	Network Upgrades	30,000	25,953	4,047	27,745
CEP011	Document Imaging	43,000	28,683	14,317	27,416
CEP018	Web and E-commerce	12,000	6,403	5,597	6,698
CEP019	Computer-Aided Dispatch (CAD/RMS)	100,000	76,232	23,768	48,146
CEP022	Audio Visual	139,000	41,608	97,392	39,390
CEP024	Police E-Ticketing System	-	-	-	98,572
CEP025	Fire operations breathing apparatus	298,000	298,000	-	45,000
CEP026	Fire Equipment	-	-	-	15,936
CEP030	Vehicle expansion	762,158	687,536	74,622	180,822
CEP031	Software Licensing	56,000	45,759	10,241	50,731
CEP033	Data Centers / Computer Rooms	894,036	-	894,036	120,964
CEP036	Business Systems	297,825	27,125	270,700	43,573
CEP038	Police Equipment	10,395	10,395	-	48,495
CEP040	Transit Center Generator	37,953	14,564	23,389	203,248
CEP042	Bus Camera System	-	-	-	4,050
CEP043	Police Body Worn Cameras	-	-	-	62,258
CEP044	BusWash Equipment	-	-	-	236,912
CEP045	Resort Application	155,817	155,817	-	65,000
CEP046	Library Self-Check System Updates	18,000	-	18,000	-
CHF001	Buy-Down Housing	496,087	328,588	167,499	-
CHF002	Solar Vail	4,225,000	-	4,225,000	-
CHF003	Vail InDEED	500,000	-	500,000	-
CHP001	Buy-Down Program	-	438	(438)	436,119
CHP020	Chamonix Housing Development	762,548	532,226	230,322	1,032,465
CHP021	Buzzard Park Window Replacement	-	-	-	134,963
CHP022	Chamonix- Vail Homes	17,728,000	15,252,345	2,475,655	-
CMP007	Transportation Master Plan	61,236	27,754	33,482	88,764
CMT003	Bus Shelter Replacement Program	90,612	1,787	88,825	9,388
CMT004	Capital Street Maintenance	1,244,925	1,212,105	32,820	1,167,170
CMT005	Facility Capital	636,805	616,072	20,733	286,944
CMT007	Parking Structure Maintenance	846,826	441,110	405,716	546,174
CMT009	Energy Enhancements	92,900	5,001	87,899	-
CMT010	Underground Utilities	275,000	203,872	71,128	-
CMT016	Public Works Wash Down	246,967	-	246,967	3,033
CMT017	Slifer Plaza Fountain and Storm Sewer	1,455,321	78,202	1,377,119	44,679
CMT018	Public Works Shop Building Maintenance	150,000	-	150,000	-
CMT020	Lifside to Glen Lyon Underground Powerline	50,000	-	50,000	-
COT002	Street Light Improvement Program	115,257	18,200	97,057	136,935
COT004	Fiber-Optics in Buildings	15,000	12,825	2,175	25,682
COT015	Red Sandstone Parking Garage	1,350,000	371,959	978,041	-
COT022	Municipal Complex Redevelopment	359,330	58,687	300,643	116,440
COT024	West Forest Road Bridge Repair	347,497	-	347,497	2,503
COT025	Kinnickinnick(West) Bridge Repair	341,637	-	341,637	8,362
COT026	Vail Memorial Park Capital Contribution	50,000	50,000	-	-
CSC016	Guest Services Enhancements	956,114	308,429	647,685	121,510
CSC017	Pedestrian Safety Enhancements	349,876	348,453	1,423	410,000
CSC018	East Meadow Drive Snowmelt	800,000	-	800,000	-
CSR007	Neighborhood Road Reconstruction	60,490	5,750	54,740	18,516
CSR008	Neighborhood Bridges	1,385,608	31,502	1,354,106	117,804
CSR009	Frontage Road Enhancements VVMC	455,000	252,771	202,229	-
VRA010	I-70 Underpass	3,888,587	3,395,597	492,990	3,043,851
VRA013	East Lionshead Circle Pathway	100,000	6,440	93,560	-
VRA014	Dobson Plaza	100,000	-	100,000	-
VRA015	Public Art-Lionshead	173,325	173,250	75	176,675
VRA016	Vantage Point Walkway	185,000	159,811	25,189	-
VRA018	Lionshead Parking Structure Landscape Renova	100,000	-	100,000	-
VRA020	Heated Walk- Lionshead to First Chair	287,500	6,069	281,431	-
Total		52,091,392	29,452,457	22,638,935	12,178,634

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, 2017
With Comparative Actual Amounts For the Year Ended December 31, 2016

Project Number	Project Name	2017		Variance Positive (Negative)	2016
		Final Budget	Actual		Actual
CCF001	Golf Clubhouse Redevelopment	1,077,912	959,183	118,729	8,052,451
CCF002	Ford Park Fields Redevelopment	675,625	559,205	116,420	78,862
RFP005	Alpine Gardens Pledge	69,700	69,700	-	69,010
RFP007	Alpine Gardens Contribution	30,000	10,567	19,433	-
RFP017	Ford Park Portal Improvements	330,704	306,836	23,868	179,296
RFP019	Ford Park Landscape Improvements	-	-	-	24,703
RMT001	Recreation Path Maintenance	204,135	139,302	64,833	9,589
RMT002	Tree Maintenance	104,270	103,898	372	45,730
RMT005	Street Furniture - Streetscape	57,588	56,134	1,454	69,445
RMT006	Eagle River Watershed Programs	59,450	59,450	-	53,480
RMT009	Park/Playground Capital Maintenance	83,025	73,518	9,507	104,981
RMT016	Ford Park / Tennis Center Improvements	178,245	52,800	125,445	-
RMT018	Dobson Ice Arena	408,878	5,773	403,105	9,745
RMT019	Gymnastics Center	52,089	9,500	42,589	5,200
RMT022	Recreation Enhancement Account (VRD)	140,094	-	140,094	-
RMT024	Athletic Fields	29,445	-	29,445	-
RMT025	Nature Center	109,754	22,514	87,240	-
RMT027	Golf Course - Other Improvements	622,372	-	622,372	8,954
RMT028	Flood Repairs	406,485	67,970	338,515	31,622
RMT029	Glen Lyon Recreation Path Bridge	150,000	118,637	31,363	-
RMT030	East Vail Interchange Improvements	988,807	64,847	923,960	100,957
RMT032	Intermountain Fuels Reduction	733,656	670,328	63,328	63,700
RPD011	Skate park	-	-	-	294,664
RPD015	Booth Creek Park Redevelopment	384,768	75,920	308,848	2,037,432
RPD016	Donovan Park Master Plan	64,947	38,747	26,200	310,714
RPD017	Chalet Road Sport Courts	40,000	1,537	38,463	728,999
RPI006	Streamtract Improvements	-	-	-	196,986
RPI007	Water Quality/ Storm Water	273,199	148,792	124,407	176,440
RPI008	East Vail Water Quality TAPS	1,125,111	-	1,125,111	84,889
RPI009	Big Horn Park Improvements	225,000	211,792	13,208	-
RPI010	Water Quality Infrastructure	1,527,773	87,061	1,440,712	-
RPI011	Streambank Restoration	426,806	142,431	284,375	-
RPI012	Private Streambank	210,000	12,764	197,236	-
RPT019	Library Recreation Path	10,000	-	10,000	-
RPT020	Open Lands	327,192	72,568	254,624	47,260
RPT021	Soft Surface Trails	100,000	31,892	68,108	-
RPT022	Adopt-a-Trail	5,000	5,000	-	-
RRT001	Public Art	567,310	34,264	533,046	30,385
RRT006	Public Art - Winterfest	32,380	32,027	353	28,833
Total		11,831,720	4,244,957	7,586,763	12,844,327

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

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		City or County: Vail
		YEAR ENDING : December 2017
This Information From The Records Of Town of Vail:	Prepared By: Phone:	Carlie Smith 970-479-2118

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	9,353,336
3. Other local imposts (from page 2)	915,407
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)	10,268,744
B. Private Contributions	433,125
C. Receipts from State government (from page 2)	244,616
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	10,946,485

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	4,984,967
2. Maintenance:	2,707,952
3. Road and street services:	
a. Traffic control operations	479,982
b. Snow and ice removal	960,402
c. Other	
d. Total (a. through c.)	1,440,384
4. General administration & miscellaneous	387,201
5. Highway law enforcement and safety	1,425,981
6. Total (1 through 5)	10,946,485
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)	10,946,485

(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
	-	10,946,485	10,946,485	-	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2017	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	915,407	g. Other Misc. Receipts	
6. Total (1. through 5.)	915,407	h. Other	
c. Total (a. + b.)	915,407	i. Total (a. through h.)	-
		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	217,761	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	26,855	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26,855	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	244,616	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		321,595	321,595
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		4,663,372	4,663,372
(5). Total Construction (1) + (2) + (3) + (4)	-	4,663,372	4,663,372
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	4,984,967	4,984,967
		(Carry forward to page 1)	
Notes and Comments:			

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, 2017

TABLE I
Vail Reinvestment Authority History of Pledged Revenues

	2013	2014	2015	2016	2017
Pledged Revenues	3,188,389	3,373,916	3,541,546	3,673,030	4,221,743

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
2012	2013	166,325,430		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
2016	2017	212,494,370	19.2%	115,130,090	97,364,280

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

Tax Areas	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
202	46.2540	47.0140	45.2100	51.1300	51.698
203	44.7780	45.4720	44.1460	49.7500	50.396
204	60.1000	60.8760	55.7010	61.4300	60.85
206	46.2540	47.0140	45.5210	51.1300	51.698
207	86.2540	87.0140	80.5210	86.1300	86.698
208	71.2540	72.0140	67.3960	73.0100	73.573
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, 2017

TABLE IV
Largest Taxpayers in the Authority

Taxpayer Name	2017 Preliminary Assessed Valuation	Percentage of Total Assessed Valuation
Diamondrock LLC	41,325,270	19.4%
Arrrabelle at Vail Square LLC	12,706,140	6.0%
Ritz-Carlton Development Co Inc	10,274,320	4.8%
Lion Vail LLC	7,379,350	3.5%
Vail Corp	4,964,690	2.3%
Lazier Lionshead LLC	3,296,960	1.6%
A Belle Vail Co LLC	2,916,700	1.4%
SOHO Development LLC	1,870,590	0.9%
Blue Ice 21 LLC	1,557,780	0.7%
Landmark Commercial Dev Co	1,353,730	0.6%
Arrrabelle at Vail Square LLC	1,190,070	0.6%
Total	212,494,370	

TABLE V
2017 Preliminary Assessed Valuation of Classes of Property in the Authority

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	130,882,490	62%
Commercial	80,531,890	38%
Vacant	949,920	0%
State assessed	130,070	0%
Total	212,494,370	100%

Town of Vail, Colorado
 Issuer's Annual Report
 Update of Official Statement Tables to be Updated
 Table VI
 December 31, 2017

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Other:					
Property tax	3,413,188	3,662,130	3,837,261	3,959,506	4,514,083
Interest on investments	1,714	1,219	937	2,062	3,273
Interest subsidy (Build America Bonds)	166,259	167,524	167,896	168,246	168,427
Total Revenues	<u>3,581,161</u>	<u>3,830,873</u>	<u>4,006,094</u>	<u>4,129,814</u>	<u>4,685,783</u>
Expenditures:					
Economic Development:					
Administration	60,133	65,282	67,167	69,772	80,715
Fiscal agent fees	2,200	2,200	2,420	2,420	2,420
Treasurer's fees	102,396	113,259	115,121	118,789	135,427
Professional fees	413	5,435	11,623	2,810	8,087
Vail Square Metro District	392,772	456,957	464,548	456,784	464,039
Total Economic Development:	<u>557,914</u>	<u>643,134</u>	<u>660,879</u>	<u>650,575</u>	<u>690,688</u>
Debt Service:					
Principal	460,000	475,000	490,000	500,000	515,000
Interest	605,203	591,178	577,928	564,928	547,753
Total Debt Service:	<u>1,065,203</u>	<u>1,066,178</u>	<u>1,067,928</u>	<u>1,064,928</u>	<u>1,062,753</u>
Total Expenditures	<u>1,623,117</u>	<u>1,709,312</u>	<u>1,728,807</u>	<u>1,715,503</u>	<u>1,753,441</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,958,044</u>	<u>2,121,560</u>	<u>2,277,287</u>	<u>2,414,311</u>	<u>2,932,342</u>
Other Financing Sources (Uses):					
Transfers out	(1,842,286)	(3,049,280)	(2,757,636)	(3,546,063)	(4,179,718)
Total Other Financing Sources (Uses)	<u>(1,842,286)</u>	<u>(3,049,280)</u>	<u>(2,757,636)</u>	<u>(3,546,063)</u>	<u>(4,179,718)</u>
Net Change in Fund Balance	115,758	(927,719)	(480,349)	(1,131,752)	(1,247,376)
Fund Balance - January 1	<u>6,736,211</u>	<u>6,851,969</u>	<u>5,924,250</u>	<u>5,443,901</u>	<u>4,312,149</u>
Fund Balance - December 31	<u>6,851,969</u>	<u>5,924,250</u>	<u>5,443,901</u>	<u>4,312,149</u>	<u>3,064,773</u>

Town of Vail, Colorado
 Issuer's Annual Report
 Update of Official Statement of Tables to be Updated
 Tables VII and VIII
 December 31, 2017

TABLE VII
2017 Budget Summary and Actual Comparison / 2018 Budget
Vail Reinvestment Authority

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2018 Budget</u>
Revenues:			
Other:			
Property tax	4,310,390	4,514,083	4,413,000
Interest on investments	1,600	3,273	1,745
Interest Subsidy (Build America Bonds)	168,337	168,427	167,444
Total Revenues	<u>4,480,327</u>	<u>4,685,783</u>	<u>4,582,189</u>
Expenditures:			
Economic Development:			
Administration	75,640	80,715	77,460
Fiscal agent fees	2,200	2,420	2,200
Treasurer's fees	129,312	135,427	116,190
Professional fees	10,000	8,087	10,000
Vail Square Metro District	512,539	464,039	540,000
Total Economic Development:	<u>729,691</u>	<u>690,688</u>	<u>745,850</u>
Debt Service:			
Principal	515,000	515,000	535,000
Interest	547,753	547,753	526,753
Total Debt Service:	<u>1,062,753</u>	<u>1,062,753</u>	<u>1,061,753</u>
Total Expenditures	<u>1,792,444</u>	<u>1,753,441</u>	<u>1,807,603</u>
Excess (Deficiency) of Revenues over Expenditures	2,687,883	2,932,342	2,774,586
Other Financing Sources (Uses):			
Transfers out	<u>(5,876,911)</u>	<u>(4,179,718)</u>	<u>(2,156,000)</u>
Net Change in Fund Balance	(3,189,028)	(1,247,376)	618,586
Fund Balance - January 1	<u>4,312,149</u>	<u>4,312,149</u>	<u>1,123,121</u>
Fund Balance - December 31	<u><u>1,123,121</u></u>	<u><u>3,064,773</u></u>	<u><u>1,741,707</u></u>

TABLE VIII
Outstanding Revenue Obligations

<u>Issue</u>	<u>Outstanding Principal</u>
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010A	\$ 535,000
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B	8,270,000
Total	<u><u>\$ 8,805,000</u></u>