TOWN OF VAIL

# Financial Statements
## December 31, 2018

**Town of Vail, Colorado**
**Financial Statements**
**December 31, 2018**

**Table of Contents**

**Town of Vail, Colorado**
**Financial Statements**
**December 31, 2018**

**Table of Contents**
**(Continued)**

M & A

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vail, Colorado (the "Town"), as of and for the year ended December 31, 2018, 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, 2018, 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.

**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.

**McMahan and Associates, L.L.C.**
**May 28, 2019**

# MANAGEMENT’S DISCUSSION AND ANALYSIS

# Town of Vail, Colorado
**Management's Discussion and Analysis**
**December 31, 2018**

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, 2018.

**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 2018 fiscal year by $299,846,843 (net position). Of this amount, $2,967,400 is restricted for TABOR emergency reserves and $1,157,437 is restricted by enabling legislation.
- The Town's total net position increased in the 2018 fiscal year by $27,239,319 which was attributable to increase from governmental activities of $25,995,605 and an increase of $1,243,714 from business-type activities.
- At December 31, 2018, the fund balance of the General Fund was $33,888,140. Of that amount, $2,860,694 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 $293,253,516 at the close of the most recent fiscal year. Approximately 65% 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 2018 and 2017.

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | $ 117,358,973 | $ 95,127,383 | $ (3,881,728) | $ (5,308,249) | $ 113,477,245 | $ 89,819,134 |
| Capital assets(net) | 199,468,530 | 194,284,899 | 10,990,976 | 10,974,450 | 210,459,506 | 205,259,349 |
| **Total assets** | 316,827,503 | 289,412,282 | 7,109,248 | 5,666,201 | 323,936,751 | 295,078,483 |
| Long-term liabilities outstanding | 8,799,267 | 9,405,545 | 51,771 | 63,742 | 8,851,038 | 9,469,287 |
| Other liabilities | 9,685,709 | 7,697,700 | 464,150 | 252,846 | 10,149,859 | 7,950,546 |
| **Total liabilities** | 18,484,976 | 17,103,245 | 515,921 | 316,588 | 19,000,897 | 17,419,833 |
| **Deferred inflows** | 5,089,011 | 5,051,126 | - | - | 5,089,011 | 5,051,126 |
| **Net Position:** | | | | | | |
| Invested in capital assets, net of related debt | 191,167,641 | 185,538,575 | 3,773,485 | 3,389,763 | 194,941,126 | 188,928,338 |
| Restricted | 4,029,837 | 4,063,652 | 95,000 | - | 4,124,837 | 4,063,652 |
| Unrestricted | 98,056,037 | 77,655,684 | 2,724,842 | 1,959,850 | 100,780,879 | 79,615,534 |
| **Total net position** | $ 293,253,515 | $ 267,257,911 | $ 6,593,327 | $ 5,349,613 | $ 299,846,842 | $ 272,607,524 |

The Town's current assets from governmental activities and capital assets increased mainly due to cash sale of capital assets for Chamonix Vail homes. During 2017, current assets decreased to cash fund this project. Other major construction projects during 2018 included completion of a new parking structure at Red Sandstone, the new Lionshead Express bus stop, repairs to the Slifer Plaza fountain, major water quality improvements at the East Vail interchange, radio equipment replacement for public safety and the replacement of seven buses.

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 retired during 2018. 2010B Tax Increment Bonds will be retired in 2030.

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 2018 and 2017.

**Town of Vail's Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Revenue:** | | | | | | |
| Program Revenue | | | | | | |
| Charges for services | $ 12,077,438 | $ 9,423,805 | $ 3,544,349 | $ 3,406,276 | $ 15,621,787 | $ 12,830,081 |
| Operating grants | 9,950,445 | 2,189,089 | 1,195,187 | 796,803 | 11,145,632 | 2,985,892 |
| Capital grants | 870,712 | 230,810 | - | - | 870,712 | 230,810 |
| General Revenue | | | | | | |
| Property and ownership tax | 10,798,164 | 9,461,059 | - | - | 10,798,164 | 9,461,059 |
| Sales and lodging tax | 36,317,638 | 32,043,038 | - | - | 36,317,638 | 32,043,038 |
| Other taxes | 13,942,069 | 12,177,639 | - | - | 13,942,069 | 12,177,639 |
| Interest and other revenue | 2,357,455 | 1,719,410 | 47,592 | 31,166 | 2,405,047 | 1,750,576 |
| Transfers | - | (150,000) | - | 150,000 | - | - |
| **Total Revenue** | 86,313,921 | 67,094,850 | 4,787,128 | 4,384,245 | 91,101,049 | 71,479,095 |
| **Expenses:** | | | | | | |
| General government | 7,883,434 | 7,794,684 | - | - | 7,883,434 | 7,794,684 |
| Public safety | 11,825,254 | 11,226,473 | 2,561,192 | 2,724,952 | 14,386,446 | 13,951,425 |
| Public works and transportation | 21,947,104 | 21,276,796 | - | - | 21,947,104 | 21,276,796 |
| Culture and recreation | 10,547,405 | 12,906,999 | - | - | 10,547,405 | 12,906,999 |
| Economic development | 7,588,736 | 7,188,463 | - | - | 7,588,736 | 7,188,463 |
| Housing | - | - | 982,222 | 968,559 | 982,222 | 968,559 |
| Interest | 526,383 | 545,788 | - | - | 526,383 | 545,788 |
| **Total Expenses** | 60,318,316 | 60,939,203 | 3,543,414 | 3,693,511 | 63,861,730 | 64,632,714 |
| **Change in Net Position** | 25,995,605 | 6,155,647 | 1,243,714 | 690,734 | 27,239,319 | 6,846,381 |
| **Net Position January 1** | 267,257,911 | 225,007,635 | 5,349,613 | 4,712,636 | 272,607,524 | 229,720,271 |
| Restatement of Accumulated Depreciation | - | 36,094,629 | - | (53,757) | - | 36,040,872 |
| **Net Position January 1 (Restated)** | 267,257,911 | 261,102,264 | 5,349,613 | 4,658,879 | 272,607,524 | 265,761,143 |
| **Net Position December 31** | $ 293,253,516 | $ 267,257,911 | $ 6,593,327 | $ 5,349,613 | $ 299,846,843 | $ 272,607,524 |

**Governmental Activities:** Governmental activities increased the Town's net position by $27,239,319. The following items represent other significant governmental activities during 2018:

- An increase in sales tax collections of 9% or 2,294,630 attributable to both increased winter visitation from improved snowfall conditions as well as a return of lodging inventory from prior year renovation closures. The summer season also experienced record growth, with June, July and August all up over 18% from the prior year.
- Construction activity in 2018 increased 81.5%, or $1,437,560, due to an expansion of Vail Health as well as many high end residential reconstruction projects.
- Lodging tax increased $186,262, or 5.6% over prior year as well.
- Lift tax increased 8.4% over prior year with the return of "normal" snowfall as compared with the prior year.
- Parking revenue was also positively impacted by the snow during 2018, with revenues up 31%, or $1,613,257 over prior year.
- Property and ownership tax revenue increased $373,537 or 7.56% over the prior year.
- Long-term liabilities were reduced by $535,000 through principal repayments.
- Vail Reinvestment Authority Bond 2010A retired in June 2018.

**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 $97,717,507 an increase of $19,874,700 from the prior year's ending fund balances primarily due to the sales of the Chamonix Vail homes. The following details ending fund balances for the past five years:

| Fund | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| General Fund | $19,687,223 | $23,622,509 | $27,300,260 | $29,289,331 | $33,888,140 |
| Capital Projects Fund | 30,409,349 | 40,542,297 | 44,836,870 | 32,761,887 | 46,845,813 |
| Real Estate Transfer Tax | 16,282,049 | 17,797,519 | 11,256,285 | 11,142,914 | 13,150,553 |
| Conference Center Fund | 1,962,353 | - | - | - | - |
| Vail Marketing Fund | 196,757 | 203,263 | 259,452 | 323,606 | 303,241 |
| Vail Local Marketing District | 1,361,593 | 1,552,198 | 1,590,734 | 1,260,297 | 1,270,453 |
| Vail Reinvestment Authority | 5,924,250 | 5,443,901 | 4,312,149 | 3,064,772 | 2,259,307 |
| **Total** | $75,823,574 | $89,161,687 | $89,555,750 | $77,842,807 | $97,717,507 |

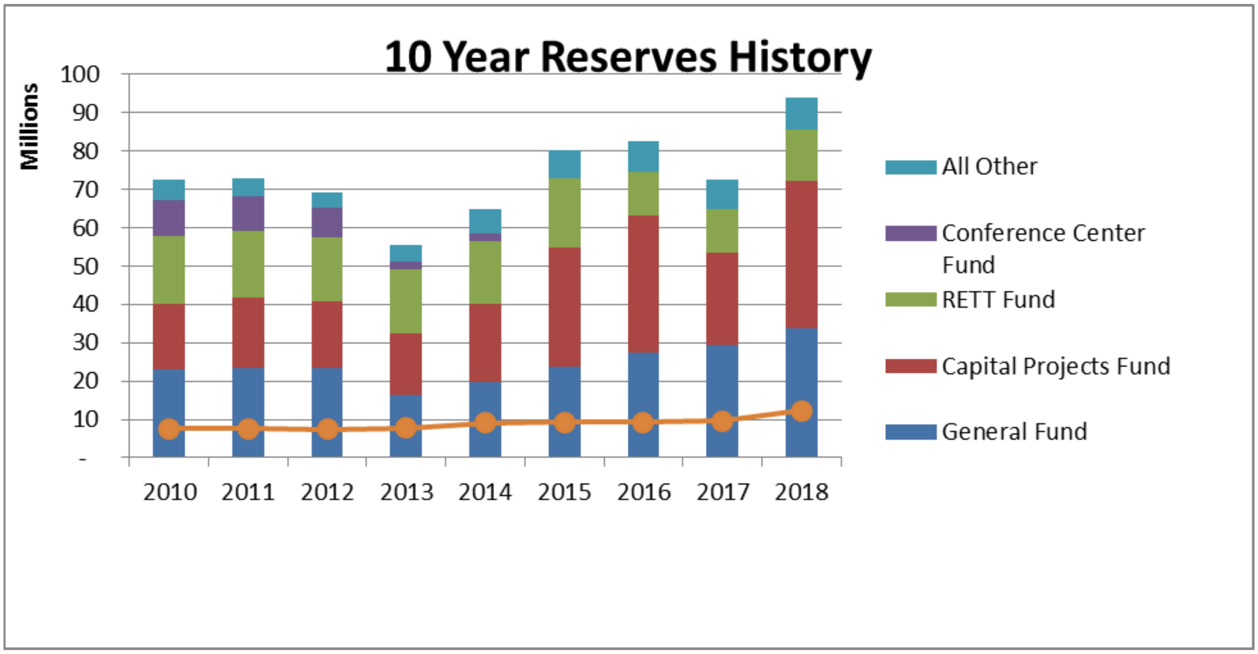
The Town's reserves continue to be strong allowing for the cash funding on many recent capital projects. During 2014 and 2015 the General Fund continued to see large increases in reserves of $3.3M and $3.9M due to increases in sales tax collections, construction activity, parking, and lift tax. In 2016, the General Fund balance increased by $3.7M from prior year in part due to increases is sales tax, parking revenue, property taxes, and lift tax. Expenditure savings of $2.4M also contributed to the increase in reserves. In 2017, the General Fund reserves increased by $2M primarily due to expenditures savings from staffing vacancies and department operational savings while overall revenue collections remained flat.

During 2018, General Fund reserves increased by $4.6M. This was primarily due an increase in sales tax collections , construction activity, as well as expenditure savings due to staffing vacancies and department operations savings. Sales tax collections of $27.9M were up 9% from prior year primarily due to increased snow fall when compared to prior year and the return of lodging inventory that was closed in 2017 due to hotel renovations. While a "normal" snow fall contributed to a solid start to the 2018-19 winter season in sales tax collections, parking structure revenues, and lift tax collections (up the summer months had record growth again in sales tax collections, with June, August and October all up 18% compared to the prior year. July and September followed closely behind, with 9% and 11% increases, respectively. Winter months had solid growth in March (14%) and December (10%), traditionally the highest value months for sales tax collections. Reserve levels in the Capital Projects Fund and Real Estate Transfer Tax Fund normally fluctuate as funds are spent on major projects. In 2018, the Capital Projects Fund increased $14.1 million, mainly due to the sale of Chamonix Vail homes ($17.7M) and increased sales tax collections ($1.8M), offset by the cash funding of many projects. Real Estate Transfer Tax reserves also increased with RETT collections up $1.3M, or 21.1% from the prior year. RETT was up mainly due to the sale of higher priced properties.

**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 2018 were at $93.8M, they are expected to decrease to $47.5M in 2019 with current ongoing projects.



**Financial Analysis of the Town’s Funds (continued)**

**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 $2,000,332; $1,094,197; and $1,630,645, respectively. The Health Insurance Fund net position was $3,346,483, all of which are restricted for the Town’s self-funded health insurance program.

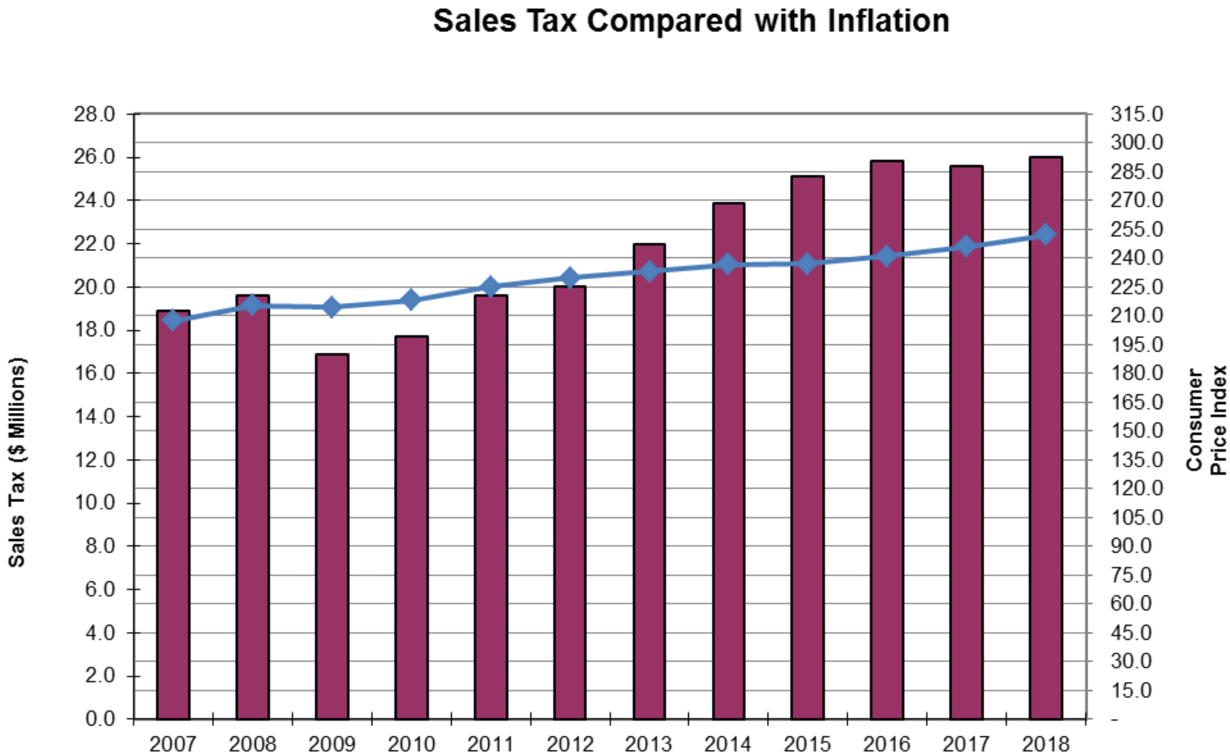
**Budget Variances in the General Fund:** General Fund revenue was higher than the amended budget by $2,152,856 or 5.3% mainly due to large increases in sales tax, parking revenue and construction permits and fees. Expenditures were below budget by $2,893,349 or 7.4% due to staffing vacancies and operational savings resulting from conservative spending by town departments.

**Capital Assets:** The Town’s government-wide capital assets, net of accumulated depreciation, increased by $5,183,631 in 2018. Capital additions included seven new hybrid buses, a new parking structure at Red Sandstone, Phase I of a new data center at the West Vail fire station, major water quality improvements at the East Vail interchange, and the completion of the Chamonix Vail homes. The town also invested in a new housing program called the Vail InDeed and acquired 15 new deed restricted units for the community.

**Long-term Debt:** As of the end of the current fiscal year, the Vail Reinvestment Authority had $8,270,000 of tax increment bonds outstanding, of which $555,000 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.

**Financial Analysis of the Town's Funds (continued)**

**Sales Tax:** During 2018, 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 9% growth in sales tax when compared to the prior year.




**Next Year's Budget and Rates:** The Town's General Fund balance at the end of the current fiscal year was $33,888,140, representing 79% of annual revenue.

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.

**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, 2018**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **Assets:** | | | |
| Equity in pooled cash and investments | 86,044,206 | 2,076,677 | 88,120,883 |
| Unrestricted cash and investments | 6,548,851 | 1,407,070 | 7,955,921 |
| Cash - restricted | 1,739,142 | 83,594 | 1,822,736 |
| Receivables (net of allowance for uncollectible accounts): | | | |
| Property taxes assessed | 5,089,011 | - | 5,089,011 |
| Other taxes | 6,304,615 | - | 6,304,615 |
| Other governments | 1,689,006 | - | 1,689,006 |
| Other | 761,593 | 8,787 | 770,380 |
| Inventory | 252,228 | - | 252,228 |
| Prepaid expenses | 43,188 | 262 | 43,450 |
| Interest receivable | 38,859 | - | 38,859 |
| Internal balances | 8,117,491 | (8,117,491) | - |
| Rent receivable | - | 659,373 | 659,373 |
| Loans receivable: | | | |
| Collectible in more than one year | 730,783 | - | 730,783 |
| Capital assets not being depreciated | 50,270,530 | 4,399,500 | 54,670,030 |
| Capital assets being depreciated, net of accumulated depreciation | 149,198,000 | 6,591,476 | 155,789,476 |
| **Total Assets** | 316,827,503 | 7,109,248 | 323,936,751 |
| **Liabilities:** | | | |
| Accounts payable | 4,537,054 | 282,504 | 4,819,558 |
| Due to other governments | 802,293 | - | 802,293 |
| Retainage payable | 667,028 | - | 667,028 |
| Accrued salaries and wages | 578,373 | 36,619 | 614,992 |
| Interest payable | 42,523 | 38,859 | 81,382 |
| Other unearned revenue | 1,603,190 | 434 | 1,603,624 |
| Deposits payable | 388,817 | 83,547 | 472,364 |
| Compensated absences: | | | |
| Due within one year | 480,543 | 22,187 | 502,730 |
| Due in more than one year | 1,084,267 | 51,771 | 1,136,038 |
| Bonds payable: | | | |
| Due within one year | 555,000 | - | 555,000 |
| Due in more than one year | 7,715,000 | - | 7,715,000 |
| Capital lease obligation: | | | |
| Due within one year | 30,889 | - | 30,889 |
| **Total Liabilities** | 18,484,976 | 515,921 | 19,000,897 |
| **Deferred Inflow of Resources:** | | | |
| Unavailable property taxes | 5,089,011 | - | 5,089,011 |
| **Total Deferred Inflow of Resources** | 5,089,011 | - | 5,089,011 |
| **Net Position:** | | | |
| Net investment in capital assets | 191,167,641 | 3,773,485 | 194,941,126 |
| Restricted for: | | | |
| Emergencies | 2,872,400 | 95,000 | 2,967,400 |
| Other purposes | 1,157,437 | - | 1,157,437 |
| Unrestricted | 98,056,037 | 2,724,842 | 100,780,879 |
| **Total Net Position** | 293,253,516 | 6,593,327 | 299,846,843 |

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

# Town of Vail, Colorado
## Statement of Activies
### For the Year Ended December 31, 2018

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| **Governmental Activities:** | | | | | | | |
| General government | 7,883,434 | 4,693,757 | 1,744,230 | - | (1,445,447) | | (1,445,447) |
| Public safety | 11,825,254 | 250,192 | - | - | (11,575,062) | | (11,575,062) |
| Public work and transportation | 21,947,104 | 6,634,344 | 7,854,565 | 1,653 | (7,456,542) | | (7,456,542) |
| Culture and recreation | 10,547,405 | 161,543 | 351,650 | 700,000 | (9,334,212) | | (9,334,212) |
| Economic development | 7,588,736 | 337,602 | - | 169,059 | (7,082,075) | | (7,082,075) |
| Interest on long-term debt | 526,383 | - | - | - | (526,383) | | (526,383) |
| **Total Governmental Activities** | 60,318,316 | 12,077,438 | 9,950,445 | 870,712 | (37,419,721) | | (37,419,721) |
| **Business-type Activities:** | | | | | | | |
| Dispatch services | 2,561,192 | 1,936,890 | 1,195,187 | - | | 570,885 | 570,885 |
| Housing (Timber Ridge) | 982,222 | 1,607,459 | - | - | | 625,237 | 625,237 |
| **Total Business-type Activities** | 3,543,414 | 3,544,349 | 1,195,187 | - | | 1,196,122 | 1,196,122 |
| **Totals** | 63,861,730 | 15,621,787 | 11,145,632 | 870,712 | (37,419,721) | 1,196,122 | (36,223,599) |

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **General Revenues:** | | | |
| Taxes: | | | |
| Sales and use taxes | 32,828,349 | - | 32,828,349 |
| Real estate transfer taxes | 7,649,013 | - | 7,649,013 |
| Lodging taxes | 3,489,289 | - | 3,489,289 |
| Property and specific ownership taxes | 10,798,164 | - | 10,798,164 |
| Ski area lift ticket admissions tax | 5,103,480 | - | 5,103,480 |
| Franchise taxes | 1,124,577 | - | 1,124,577 |
| Cigarette taxes | 64,999 | - | 64,999 |
| Investment earnings | 1,230,393 | 34,686 | 1,265,079 |
| Gain (loss) on disposal of capital assets | 113,456 | - | 113,456 |
| Gain (loss) on workforce housing sales | 67,623 | - | 67,623 |
| Miscellaneous | 945,983 | 12,906 | 958,889 |
| **Total General Revenues and Transfers** | 63,415,326 | 47,592 | 63,462,918 |
| **Change in Net Position** | 25,995,605 | 1,243,714 | 27,239,319 |
| **Net Position - January 1** | 267,257,911 | 5,349,613 | 272,607,524 |
| **Net Position - December 31** | 293,253,516 | 6,593,327 | 299,846,843 |

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

# FUND FINANCIAL STATEMENTS

**Town of Vail, Colorado**
**Balance Sheet**
**Governmental Funds**
**December 31, 2018**

| | 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 | 28,731,431 | 12,996,050 | 305,791 | - | - | 38,334,150 | 80,367,422 |
| Cash and cash equivalents - Unrestricted | 11,255 | - | - | 779,646 | 5,757,950 | - | 6,548,851 |
| Cash and cash equivalents - Restricted | - | - | - | - | 1,195,164 | - | 1,195,164 |
| Receivables, net of allowance for uncollectible accounts: | | | | | | | |
| Property taxes assessed | 5,089,011 | - | - | - | - | - | 5,089,011 |
| Other taxes | 5,497,545 | 115,498 | - | 691,572 | - | - | 6,304,615 |
| Other governments | 138,377 | 875,570 | - | - | - | 675,059 | 1,689,006 |
| Other | 452,084 | 1,891 | - | - | 4,795 | 216,723 | 675,493 |
| Due from other funds | 243,604 | - | - | - | - | 4,599,998 | 4,843,602 |
| Loans receivable | 730,783 | - | - | - | - | 8,117,491 | 8,848,274 |
| Prepaid expenses | 42,019 | - | - | 669 | - | - | 42,688 |
| **Total Assets** | 40,936,109 | 13,989,009 | 305,791 | 1,471,887 | 6,957,909 | 51,943,421 | 115,604,126 |
| **Liabilities and Fund Equity:** | | | | | | | |
| **Liabilities:** | | | | | | | |
| Accounts payable | 780,485 | 206,272 | 2,550 | 56,434 | - | 2,884,102 | 3,929,843 |
| Due to other governments | 42,528 | 330,295 | - | - | - | 429,470 | 802,293 |
| Due to other funds | - | - | - | 145,000 | 4,698,602 | - | 4,843,602 |
| Retainage payable | - | 44,699 | - | - | - | 622,329 | 667,028 |
| Accrued payroll and related liabilities | 562,835 | - | - | - | - | - | 562,835 |
| Unearned revenue | 184,293 | 257,190 | - | - | - | 1,161,707 | 1,603,190 |
| Deposits payable | 388,817 | - | - | - | - | - | 388,817 |
| **Total Liabilities** | 1,958,958 | 838,456 | 2,550 | 201,434 | 4,698,602 | 5,097,608 | 12,797,608 |
| **Deferred Inflows of Resources:** | | | | | | | |
| Property taxes | 5,089,011 | - | - | - | - | - | 5,089,011 |
| **Total Deferred Inflows of Resources** | 5,089,011 | - | - | - | - | - | 5,089,011 |
| **Fund Balances:** | | | | | | | |
| Non-spendable | 772,802 | - | - | 669 | - | 8,117,491 | 8,890,962 |
| Restricted | 2,860,694 | - | - | 105,000 | 1,064,143 | - | 4,029,837 |
| Committed | 10,903,981 | 13,150,553 | 303,241 | 1,164,784 | - | 34,646,127 | 60,168,686 |
| Assigned | - | - | - | - | 1,195,164 | 4,082,195 | 5,277,359 |
| Unassigned | 19,350,663 | - | - | - | - | - | 19,350,663 |
| **Total Fund Balances** | 33,888,140 | 13,150,553 | 303,241 | 1,270,453 | 2,259,307 | 46,845,813 | 97,717,507 |
| **Total Liabilities and Fund Balances** | 40,936,109 | 13,989,009 | 305,791 | 1,471,887 | 6,957,909 | 51,943,421 | |

**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. | 194,199,597 |
| Other long-term assets and unearned charges are not available for current period expenditures and, therefore, are not reported in the funds. | 582,837 |
| 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. | 10,615,748 |
| 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. | (9,862,173) |
| **Net Position of Governmental Activities** | 293,253,516 |

**Town of Vail, Colorado**
**Statement of Revenues, Expenditures Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended December 31, 2018**

| | 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 | 27,724,888 | 7,649,013 | - | 3,489,289 | 5,475,660 | 15,736,030 | 60,074,880 |
| Permits and licenses | 3,201,300 | - | 337,602 | - | - | - | 3,538,902 |
| Intergovernmental revenue | 2,650,966 | 968,865 | - | - | - | 946,886 | 4,566,717 |
| Charges for services | 8,782,803 | 152,751 | - | - | - | 159,135 | 9,094,689 |
| Investment income | 436,425 | 157,216 | 4,718 | 1,397 | 4,045 | 562,924 | 1,166,725 |
| Interest subsidy | - | - | - | - | 169,059 | - | 169,059 |
| Workforce housing sales | - | - | - | - | - | 17,748,304 | 17,748,304 |
| Miscellaneous | 191,826 | 91,578 | - | - | - | 6,997,530 | 7,280,934 |
| **Total Revenues** | 42,988,208 | 9,019,423 | 342,320 | 3,490,686 | 5,648,764 | 42,150,810 | 103,640,211 |
| **Expenditures:** | | | | | | | |
| General government | 7,950,846 | - | - | - | - | - | 7,950,846 |
| Public safety | 10,723,586 | 231,468 | - | - | - | - | 10,955,054 |
| Public works and transportation | 15,334,826 | 4,331,417 | - | - | - | 32,634,757 | 52,301,000 |
| Culture and recreation | 1,233,974 | 2,448,899 | - | - | - | - | 3,682,873 |
| Economic development | 988,800 | - | 2,548,805 | 3,480,530 | 792,478 | - | 7,810,613 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | 535,000 | 29,701 | 564,701 |
| Interest | - | - | - | - | 526,753 | 2,424 | 529,177 |
| **Total Expenditures** | 36,232,032 | 7,011,784 | 2,548,805 | 3,480,530 | 1,854,231 | 32,666,882 | 83,794,264 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 6,756,176 | 2,007,639 | (2,206,485) | 10,156 | 3,794,533 | 9,483,928 | 19,845,947 |
| **Other Financing Sources (Uses):** | | | | | | | |
| Sale of assets | 28,753 | - | - | - | - | - | 28,753 |
| Transfers in | - | - | 2,186,120 | - | - | 4,599,998 | 6,786,118 |
| Transfers (out) | (2,186,120) | - | - | - | (4,599,998) | - | (6,786,118) |
| **Total Other Financing Sources (Uses)** | (2,157,367) | - | 2,186,120 | - | (4,599,998) | 4,599,998 | 28,753 |
| **Net Change in Fund Balances** | 4,598,809 | 2,007,639 | (20,365) | 10,156 | (805,465) | 14,083,926 | 19,874,700 |
| **Fund Balances - January 1** | 29,289,331 | 11,142,914 | 323,606 | 1,260,297 | 3,064,772 | 32,761,887 | 77,842,807 |
| **Fund Balances - December 31** | 33,888,140 | 13,150,553 | 303,241 | 1,270,453 | 2,259,307 | 46,845,813 | 97,717,507 |

| | |
|---|---|
| **Net Change in Fund Balances of Governmental Funds** | 19,874,700 |
| 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. | 5,044,163 |
| 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. | 148,148 |
| 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. | 564,700 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 345,174 |
| 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. | 18,720 |
| **Change in Net Position of Governmental Activities** | 25,995,605 |

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

**Town of Vail, Colorado**
**Proprietary Funds**
**Statement of Net Position**
**December 31, 2018**

| | 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 | - | 2,076,677 | 2,076,677 | 5,676,784 |
| Cash and cash equivalents - Unrestricted | 1,407,070 | - | 1,407,070 | - |
| Accounts receivable, net of allowance for uncollectibles | 8,708 | 79 | 8,787 | 86,100 |
| Inventory | - | - | - | 252,228 |
| Prepaid expenses | 262 | - | 262 | 500 |
| **Total Current Assets** | 1,416,040 | 2,076,756 | 3,492,796 | 6,015,612 |
| **Non-current Assets:** | | | | |
| Cash and cash equivalents - Restricted | 83,594 | - | 83,594 | - |
| Rent receivable | 659,373 | - | 659,373 | - |
| Property, plant, and equipment, net of accumulated depreciation | 9,997,974 | 993,002 | 10,990,976 | 5,268,933 |
| **Total Non-current Assets** | 10,740,941 | 993,002 | 11,733,943 | 5,268,933 |
| **Total Assets** | 12,156,981 | 3,069,758 | 15,226,739 | 11,284,545 |
| **Liabilities:** | | | | |
| **Current Liabilities:** | | | | |
| Accounts payable | 41,970 | 240,534 | 282,504 | 607,210 |
| Deposits payable | 83,547 | - | 83,547 | - |
| Unearned revenue | 434 | - | 434 | - |
| Accrued interest payable | 38,859 | - | 38,859 | - |
| Accrued salaries and wages | - | 36,619 | 36,619 | 15,538 |
| Current portion of compensated absences | - | 22,187 | 22,187 | 13,815 |
| **Total Current Liabilities** | 164,810 | 299,340 | 464,150 | 636,563 |
| **Non-current Liabilities:** | | | | |
| Notes payable | 8,117,491 | - | 8,117,491 | - |
| Compensated absences, net of current portion | - | 51,771 | 51,771 | 32,234 |
| **Total Non-current Liabilities** | 8,117,491 | 51,771 | 8,169,262 | 32,234 |
| **Total Liabilities** | 8,282,301 | 351,111 | 8,633,412 | 668,797 |
| **Net Position:** | | | | |
| Net investment in capital assets | 2,780,483 | 993,002 | 3,773,485 | 5,268,933 |
| Restricted for emergencies | - | 95,000 | 95,000 | - |
| Unrestricted | 1,094,197 | 1,630,645 | 2,724,842 | 5,346,815 |
| **Total Net Position** | 3,874,680 | 2,718,647 | 6,593,327 | 10,615,748 |

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, 2018**

| | Business-type Activities | | | |
|---|---|---|---|---|
| | Enterprise Fund - Timber Ridge | Enterprise Fund - Dispatch Services Fund | TOTAL | Governmental Activities - Internal Service Funds |
| **Operating Revenues:** | | | | |
| Charges for services - Internal | - | 659,608 | 659,608 | 7,045,955 |
| Charges for services - External | - | 1,277,282 | 1,277,282 | 773,461 |
| Rent | 1,452,310 | - | 1,452,310 | - |
| Ground lease | 155,149 | - | 155,149 | - |
| Insurance reimbursements | - | - | - | 9,128 |
| Other | 12,906 | 13,622 | 26,528 | 20,733 |
| **Total Operating Revenues** | 1,620,365 | 1,950,512 | 3,570,877 | 7,849,277 |
| **Operating Expenses:** | | | | |
| Operations | 514,238 | 2,411,268 | 2,925,506 | 2,421,021 |
| Health claims and premiums | - | - | - | 4,851,442 |
| Depreciation | 345,762 | 149,924 | 495,686 | 845,214 |
| **Total Operating Expenses** | 860,000 | 2,561,192 | 3,421,192 | 8,117,677 |
| **Operating Income (Loss)** | 760,365 | (610,680) | 149,685 | (268,400) |
| **Non-Operating Revenues (Expenses):** | | | | |
| Intergovernmental revenues | - | 1,181,562 | 1,181,562 | - |
| Gain (loss) on disposal of assets | - | - | - | 84,702 |
| Investment income | 12,008 | 22,678 | 34,686 | 65,964 |
| Interest expense | (122,221) | - | (122,221) | - |
| **Total Non-Operating Revenues (Expenses)** | (110,213) | 1,204,240 | 1,094,027 | 150,666 |
| **Income (Loss) Before Capital Contributions** | 650,152 | 593,560 | 1,243,712 | (117,734) |
| **Capital Contributions, Net** | - | - | - | 265,882 |
| **Change in Net Position** | 650,152 | 593,560 | 1,243,712 | 148,148 |
| **Net Position - January 1** | 3,224,528 | 2,125,085 | 5,349,613 | 10,467,600 |
| **Net Position - December 31** | 3,874,680 | 2,718,645 | 6,593,325 | 10,615,748 |

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, 2018**

| | 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 | - | 659,608 | 659,608 | 7,045,955 |
| Cash received from tenants for rent | 1,451,862 | - | 1,451,862 | - |
| Cash received from (refunded to) tenants for security deposits, net | (925) | - | (925) | - |
| Other cash receipts | 24,302 | 1,290,825 | 1,315,127 | 798,916 |
| Cash paid for goods and services | (499,430) | (270,327) | (769,757) | (5,939,663) |
| Cash paid to employees | - | (1,952,654) | (1,952,654) | (1,100,890) |
| **Net Cash Provided (Used) by Operating Activities** | 975,809 | (272,548) | 703,261 | 804,317 |
| **Cash Flows From Non-Capital Financing Activities:** | | | | |
| Transfer from (to) other funds | (367,196) | - | (367,196) | - |
| Cash received from operating grants | - | 1,181,562 | 1,181,562 | - |
| **Net Cash Provided by Non-Capital Financing Activities** | (367,196) | 1,181,562 | 814,366 | - |
| **Cash Flows From Capital and Related Financing Activities:** | | | | |
| Cash received on disposal of fixed assets | - | - | - | 23,020 |
| Interest paid | (124,516) | - | (124,516) | - |
| Acquisition and construction of capital assets | (79,991) | (432,221) | (512,212) | (733,114) |
| **Net Cash (Used) by Capital and Related Financing Activities** | (204,507) | (432,221) | (636,728) | (710,094) |
| **Cash Flows From Investing Activities:** | | | | |
| Interest on investments | 12,008 | 22,678 | 34,686 | 65,964 |
| **Net Cash Provided by Investing Activities** | 12,008 | 22,678 | 34,686 | 65,964 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 416,114 | 499,471 | 915,585 | 160,187 |
| **Cash and Cash Equivalents - January 1** | 1,074,550 | 1,577,206 | 2,651,756 | 5,516,597 |
| **Cash and Cash Equivalents - December 31** | 1,490,664 | 2,076,677 | 3,567,341 | 5,676,784 |
| **Cash and Cash Equivalents at December 31 is Comprised of:** | | | | |
| Equity in pooled cash and investments | - | 2,076,677 | 2,076,677 | 5,676,784 |
| Cash and cash equivalents - Unrestricted | 1,407,070 | - | 1,407,070 | - |
| Cash and cash equivalents - Restricted | 83,594 | - | 83,594 | - |
| **Total - Cash and Cash Equivalents** | 1,490,664 | 2,076,677 | 3,567,341 | 5,676,784 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | |
| **Operating Income/(Loss)** | 760,365 | (610,680) | 149,685 | (268,400) |
| **Adjustments:** | | | | |
| Depreciation | 345,762 | 149,924 | 495,686 | 845,214 |
| (Increase) decrease in accounts receivable | 11,396 | (79) | 11,317 | (4,404) |
| (Increase) decrease in rent receivable | (155,149) | - | (155,149) | - |
| (Increase) decrease in inventory | - | - | - | 27,385 |
| (Increase) decrease in prepaid expenses | 92 | - | 92 | - |
| Increase (decrease) in accounts payable | 14,716 | 233,937 | 248,653 | 214,778 |
| Increase (decrease) in tenant security deposits | (925) | - | (925) | - |
| Increase (decrease) in prepaid rent | (448) | - | (448) | - |
| Increase (decrease) in other liabilities | - | (36,000) | (36,000) | - |
| Increases (decreases) in accrued wages and benefits | - | (9,650) | (9,650) | (10,256) |
| **Total Adjustments** | 215,444 | 338,132 | 553,576 | 1,072,717 |
| **Net Cash Provided (Used) by Operating Activities** | 975,809 | (272,548) | 703,261 | 804,317 |

**Town of Vail, Colorado**
**Fiduciary Funds**
**Statement of Fiduciary Net Position**
**December 31, 2018**

| | Pension Trust | Deferred Compensation Plan |
|---|---|---|
| **Assets:** | | |
| Cash and investments - Restricted | 66,093,640 | 16,014,948 |
| Loans to participants | 485,198 | - |
| **Total Assets** | 66,578,837 | 16,014,948 |
| **Net Position:** | | |
| Held in trust for pension benefits and other purposes | 66,578,837 | 16,014,948 |
| **Total Net Position** | 66,578,837 | 16,014,948 |

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, 2018

| | Pension Trust | Deferred Compensation Plan |
|---|---|---|
| **Additions:** | | |
| Contributions | 4,099,166 | 990,224 |
| Investment income (loss) | (2,874,260) | (721,487) |
| **Total Additions** | 1,224,906 | 268,738 |
| **Deductions:** | | |
| Professional fees | 67,120 | 12,444 |
| Benefits paid | 6,342,062 | 1,177,640 |
| **Total Deductions** | 6,409,182 | 1,190,085 |
| **Change in Net Position** | (5,184,275) | (921,347) |
| **Net Position - January 1** | 71,763,112 | 16,936,295 |
| **Net Position - December 31** | 66,578,837 | 16,014,948 |

The accompanying notes are an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## I. Summary of Significant Accounting Policies

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

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

### A. Reporting Entity

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

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

#### 1. Vail Local Marketing District

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

#### 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.

## 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, 2018, 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.

## 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.

## 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.

## 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 Presentation

#### 1. Equity in Pooled Cash and Investments

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

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

#### 2. Cash, Cash Equivalents, and Investments

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

## I. Summary of Significant Accounting Policies (continued)

### E. Financial Statement Accounts Presentation (continued)

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

Cash equivalents are both readily convertible to cash and are so near their maturity that 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 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.

## I. Summary of Significant Accounting Policies (continued)

### E. Financial Statement Accounts Presentation (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 estimated fair market value at the date of donation.

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

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

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

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.

## I. Summary of Significant Accounting Policies (continued)

### E. Financial Statement Accounts Presentation (continued)

#### 8. Compensated Absences

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

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

#### 9. Deferred Outflows and Inflows of Resources

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

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

#### 10. Bond Premiums and Discounts

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

#### 11. Unearned Revenue

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

## I. Summary of Significant Accounting Policies (continued)

### E. Financial Statement Accounts Presentation (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 |
|---|---|---|---|---|---|---|
| Nonspendable: | | | | | | |
| Non-current receivables | 730,783 | - | - | - | - | - |
| Loans to other funds | - | - | - | - | - | 8,117,491 |
| Prepaid items | 42,019 | - | - | 669 | - | - |
| **Total Nonspendable** | 772,802 | - | - | 669 | - | 8,117,491 |
| Restricted: | | | | | | |
| Emergency reserve | 2,767,406 | - | - | 105,000 | - | - |
| Police Funds | 93,288 | - | - | - | - | - |
| Tax increment financing | - | - | - | - | 1,064,143 | - |
| **Total Restricted** | 2,860,694 | - | - | 105,000 | 1,064,143 | - |
| Committed: | | | | | | |
| Employees housing ownership program | 159,217 | - | - | - | - | - |
| Capital projects | - | - | - | - | - | 34,568,136 |
| Parks and recreation | - | 13,150,553 | - | - | - | - |
| Housing | - | - | - | - | - | 77,991 |
| Operating reserve | 10,744,764 | - | - | - | - | - |
| Destination marketing | - | - | 303,241 | 1,164,784 | - | - |
| **Total Committed** | 10,903,981 | 13,150,553 | 303,241 | 1,164,784 | - | 34,646,127 |
| Assigned: | | | | | | |
| Capital maintenance | - | - | - | - | - | 4,082,195 |
| Debt service | - | - | - | - | 1,195,164 | - |
| **Total Assigned** | - | - | - | - | 1,195,164 | 4,082,195 |

## 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 $194,199,597 difference is related to property, plant and equipment of $346,371,217 less accumulated depreciation of $152,171,620.

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 $582,837 difference is comprised of pension forfeitures of $543,978 and interest receivable of $38,859.

Net position totaling $10,615,748 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 $9,862,173 difference is related to bonds and notes payable of $8,270,000; capital lease obligations of $30,889, accrued compensated absences of $1,518,761; and interest payable of $42,523.

## 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 $5,044,163 difference are comprised of capital outlay of $36,079,062 less depreciation expense of $9,334,057; and net book value of disposed assets of $21,700,842.

## 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 | $ 101,417 | $ 548,727 | $ 294,162 |
| add/(less): | | | |
| Contribution from Capital Projects Fund | 265,882 | - | - |
| Loan principal repayment to Capital Projects Fund | - | 367,196 | - |
| Change in compensated absences | 10,440 | - | 17,101 |
| Capitalized assets | 733,115 | 79,991 | 432,221 |
| Depreciation | (845,214) | (345,762) | (149,924) |
| Net book value of disposed assets | (14,313) | - | - |
| **Change in Net Position - GAAP Basis** | $ 251,327 | $ 650,152 | $ 593,560 |

## III. Stewardship, Compliance, and Accountability (continued)

### A. Budgetary Information (continued)

The Town followed these procedures in preparing, approving, and enacting its budget for 2018:

(1) For the 2018 budget year, prior to August 25, 2017, 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 2017 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
(3) Prior to December 15, 2017, 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 2017 were collected in 2018 and taxes certified in 2018 will be collected in 2019. 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 2018:

(1) On or before September 30, 2017, 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 17, 2017.
(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, 2017. The Board adopted the 2018 budget on October 17, 2017.
(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.

## 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, 2018 fund balance in the General Fund and the Dispatch Fund for this purpose in the amount of $2,872,400 and $95,000 respectively, 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.

## 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 $105,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2018.

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

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

## IV. Detailed Notes on all Funds

### A. Deposit and Investments

Pursuant to its charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under 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 $17,344,944. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2018.

## IV. Detailed Notes on all Funds (continued)

### A. Deposit 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, 2018, the Town had the following recurring fair value measurements:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Investments Measured at Fair Value:** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Certificate of Deposits | $ 15,721,823 | $ - | $ 15,721,823 | $ - |
| Government Agency Securities | 15,437,648 | - | 15,437,648 | - |
| Mortgage Pools | 11,404,298 | - | - | 11,404,298 |
| Total | $ 42,563,769 | $ - | $ 31,159,471 | $ 11,404,298 |

| **Investments Measured at Net Asset Value:** | |
|---|---|
| Colotrust | $ 28,134,253 |

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.

## IV. Detailed Notes on all Funds (continued)

### A. Deposit 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:

| Investment Type | Rating | Percentage |
|---|---|---|
| Colotrust | AAAm | 8% |

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

| Type | Rating | Maturities | | Carrying Value |
|---|---|---|---|---|
| Deposits: | | | | |
| Cash on hand | | | $ | 1,980 |
| Demand deposits | | | | 27,201,880 |
| Certificates of deposit | | <1 year | | 2,325,025 |
| Certificates of deposit | | <5 years | | 13,396,798 |
| Total deposits | | | $ | 42,925,683 |
| Investments: | | | | |
| US agencies - FHLMC, FHLB, FNMA | AA+ | <5 years | $ | 15,437,648 |
| Mortgage pools | AA+ | N/A | | 11,404,298 |
| Colotrust | AAAm | N/A | | 28,134,253 |
| Pension and Section 457 investments | N/A | N/A | | 82,108,588 |
| Total investments | | | | 137,084,787 |
| Total deposits and investments | | | $ | 180,010,470 |

| Reconciliation to Statement of Net Position: | | |
|---|---|---|
| Equity in pooled cash and investments | $ | 88,123,225 |
| Cash and cash equivalents - Unrestricted | | 7,955,921 |
| Cash and cash equivalents - Restricted | | 1,822,736 |
| Fiduciary Funds | | 82,108,588 |
| Total | $ | 180,010,470 |

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

## IV. Detailed Notes on all Funds (continued)

### B. Receivables

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

| | General Fund | Capital Projects Fund | Real Estate Transfer Tax Fund | Vail Marketing Fund | Vail Local Marketing District |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Property taxes | $ 5,089,011 | $ - | $ - | $ - | $ - |
| Other taxes | 5,497,545 | - | 115,498 | - | 691,572 |
| Other governments | 138,377 | 675,059 | 875,570 | - | - |
| Other | 452,084 | 216,723 | 1,891 | - | - |
| Gross Receivables | 11,177,017 | 891,782 | 992,959 | - | 691,572 |
| Less: Allowance for uncollectibles | (1,000) | - | - | - | - |
| **Net Receivables** | $ 11,176,017 | $ 891,782 | $ 992,959 | $ - | $ 691,572 |

| | Timber Ridge | Vail Rein-vestment Authority | Heavy Equip-ment Fund | Dispatch Services Fund | Health Insurance Fund | Total |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - | $ 5,089,011 |
| Other taxes | - | - | - | - | - | 6,304,615 |
| Other governments | - | - | - | - | - | 1,689,006 |
| Other | 8,708 | 4,795 | 78,137 | 79 | 7,963 | 770,380 |
| Gross Receivables | 8,708 | 4,795 | 78,137 | 79 | 7,963 | 13,853,012 |
| Less: Allowance for uncollectibles | - | - | - | - | - | (1,000) |
| **Net Receivables** | $ 8,708 | $ 4,795 | $ 78,137 | $ 79 | $ 7,963 | $ 13,852,012 |

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 $1,603,190 and is comprised of the following:

| | General Fund | Capital Projects Fund | Real Estate Transfer Tax Fund | Total |
|---|---|---|---|---|
| Unearned revenues: | | | | |
| Art projects | $ - | $ - | $ 169,650 | $ 169,650 |
| Enviromental programs | - | - | 64,757 | 64,757 |
| Library grants | 148,057 | - | - | 148,057 |
| Police programs | 36,236 | 33,000 | - | 69,236 |
| Construction projects | - | 1,128,707 | 22,784 | 1,151,491 |
| | $ 184,293 | $ 1,161,707 | $ 257,190 | $ 1,603,190 |

## IV. Detailed Notes on all Funds (continued)

### B. Receivables (continued)

Unearned revenue for construction projects in the Capital Projects Fund includes $455,073 collected from Holy Cross Energy for community enhancement to place utilities underground. The other $673,634 was collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

Loans receivable at December 31, 2018 are comprised of the following:

a) 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, 2018 was $730,783.

As of December 31, 2018, the Town had a receivable totaling $ 77,804 from a third-party vendor controlled by a board member for the Town of Vail.

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**Town of Vail, Colorado**
**Notes to the Financial Statements**
**December 31, 2018**
**(Continued)**

## IV. Detailed Notes on all Funds (continued)

### C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 27,430,658 | $ 152,687 | $ (2,346,965) | $ 25,236,380 |
| Art | 2,348,334 | 284,391 | - | 2,632,725 |
| Construction in Process | 18,276,535 | 15,887,441 | (17,441,462) | 16,722,514 |
| Intangibles | - | 5,678,911 | - | 5,678,911 |
| Total Capital Assets, Not Being Depreciated | 48,055,527 | 22,003,430 | (19,788,427) | 50,270,530 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and improvements | 112,706,259 | 20,690,430 | (19,517,815) | 113,878,874 |
| Infrastructure and improvements | 147,894,172 | 6,719,775 | (4,852,759) | 149,761,188 |
| Equipment and vehicles | 46,370,195 | 5,105,884 | (5,603,483) | 45,872,596 |
| Total Capital Assets Being Depreciated | 306,970,626 | 32,516,089 | (29,974,057) | 309,512,658 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and improvements | (55,769,508) | (2,735,985) | 163,939 | (58,341,554) |
| Infrastructure and improvements | (75,020,477) | (4,577,711) | 4,852,759 | (74,745,429) |
| Equipment and vehicles | (29,951,270) | (2,865,575) | 5,589,170 | (27,227,675) |
| Total Accumulated Depreciation | (160,741,255) | (10,179,271) | 10,605,868 | (160,314,658) |
| Total Capital Assets Being Depreciated, Net | 146,229,371 | 22,336,818 | (19,368,189) | 149,198,000 |
| **Governmental Activities Capital Assets, Net** | $ 194,284,898 | $ 44,340,248 | $ (39,156,616) | $ 199,468,530 |
| **Business-type Activities** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 4,399,500 | $ - | $ - | $ 4,399,500 |
| Total Capital Assets, Not Being Depreciated | 4,399,500 | - | - | 4,399,500 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and improvements | 8,962,281 | 76,158 | - | 9,038,439 |
| Infrastructure and improvements | 858,082 | 3,833 | - | 861,915 |
| Equipment | 2,599,409 | 432,221 | (121,302) | 2,910,328 |
| Total Capital Assets Being Depreciated | 12,419,772 | 512,212 | (121,302) | 12,810,682 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and improvements | (3,820,991) | (299,638) | - | (4,120,629) |
| Infrastructure and improvements | (136,076) | (45,366) | - | (181,442) |
| Equipment | (1,887,755) | (150,682) | 121,302 | (1,917,135) |
| Total Accumulated Depreciation | (5,844,822) | (495,686) | 121,302 | (6,219,206) |
| Total Capital Assets Being Depreciated, Net | 6,574,950 | 16,526 | - | 6,591,476 |
| **Business-type Activities Capital Assets, Net** | $ 10,974,450 | $ 16,526 | $ - | $ 10,990,976 |

## 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 | $ 1,349,199 |
| Public safety | 518,489 |
| Public works and transportation | 6,151,548 |
| Culture and recreation | 2,160,035 |
| **Total Depreciation Expense - Governmental Activities** | $ 10,179,271 |
| **Business-type Activities:** | |
| Dispatch services | $ 149,924 |
| Housing | 345,762 |
| **Total Depreciation - Business-type Activities** | $ 495,686 |

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

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

At December 31, 2018, the Town had $68,592,586 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, 2018, the rent receivable accrued in the Timber Ridge Enterprise Fund was $659,373. No payments are due from Lion’s Ridge until 2025.

## IV. Detailed Notes on all Funds (continued)

### F. Interfund Receivables, Payables, and Transfers

At December 31, 2018, Vail Reinvestment Authority owed the Capital Projects Fund and General Fund $4,599,998 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 $8,117,491 as of December 31, 2018 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 2018.

- The $8 million promissory note bears interest at the rate of 1.5% per annum, with blended annual payments, and maturing December 1, 2033. Timber Ridge remitted $96,016 in interest to the Town during 2018 and, as of December 31, 2018, had accrued a total of $38,859 in interest payable to the Town relating to the $8 million note.

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

| | Principal | Interest | Total |
|---|---|---|---|
| 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 | 395,574 | 67,425 | 462,999 |
| 2024-2028 | 2,068,674 | 245,640 | 2,314,314 |
| 2029-2033 | 2,228,549 | 84,566 | 2,313,115 |
| **Totals** | $ 6,217,492 | $ 725,366 | $ 6,942,859 |

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

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

## IV. Detailed Notes on all Funds (continued)

### G. Long-term Liabilities – Governmental Activities

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

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

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

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

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

The 2010A Bonds are not subject to redemption prior to maturity at the option of the Authority. The 2010A bonds retired on June 1, 2018.

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

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

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

The Authority will receive a federal subsidy known as the "BAB Credit" equal to 35% of corresponding interest as provided under the American Recovery and Reinvestment Act of 2009. This "BAB Credit" decreased by 8.7% beginning December 1, 2013 due to federal budget reductions. As of June 1, 2014 the "BAB Credit" decreased by 7.3% due to federal budget reductions. As of October 1, 2015 the refundable credit decreased by 6.8% and as of October 1, 2016 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.

## 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, 2018 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 $3,651,414 at December 31, 2018 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, 2018.

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

Long-term liability activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Tax-Increment Bonds, Series 2010A | $ 535,000 | $ - | $ (535,000) | $ - | $ - |
| Tax-Increment Bonds, Series 2010B | 8,270,000 | - | - | 8,270,000 | 555,000 |
| Deferred amounts: | | | | | |
| Issuance premium | 1,912 | - | (1,912) | - | - |
| Capital Leases | 60,589 | - | (29,701) | 30,888 | 30,888 |
| Compensated absences | 1,593,970 | - | (29,161) | 1,564,809 | 480,543 |
| **Total Governmental Activities Long-term Liabilities** | $ 10,461,471 | $ - | $ (595,774) | $ 9,865,697 | $ 1,066,431 |
| **Business-type Activities:** | | | | | |
| Compensated absences | 91,060 | - | (17,102) | 73,958 | 22,187 |
| **Total Business-type Activities Long-term Liabilities** | $ 91,060 | $ - | $ (17,102) | $ 73,958 | $ 22,187 |

## IV. Detailed Notes on all Funds (continued)

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

Debt service requirements at December 31, 2018 were as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| **Governmental Activities:** | | | |
| 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 | 640,000 | 363,658 | 1,003,658 |
| 2024-2028 | 3,615,000 | 1,171,030 | 4,786,030 |
| 2029-2030 | 1,675,000 | 112,704 | 1,787,704 |
| **Total Governmental Activities** | $ 8,270,000 | 3,460,685 | 11,730,685 |

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, 2018 were as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| **Governmental Activities:** | | | |
| 2019 | 30,889 | 1,236 | 32,124 |
| **Total Governmental Activities** | $ 30,889 | 1,236 | 32,124 |

### 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.

## 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 30% 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.

## 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, 2018 of $66,093,640 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 2018 covered payroll was $19,585,071 of which $17,714,513 was for permanent employees and $1,870,559 was for seasonal staff. Total 2018 payroll for all Town employees was $19,834,198.

### 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.

## 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 $16,014,948 at December 31, 2018. 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.

The Town offers health insurance to certain employees through the Town's self-funded health plan with excess coverage underwritten by a commercial carrier. Liabilities for retained risk claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNR").

The following is a summary of the changes in the balances of the claims liability during 2018:

| | 2018 |
|---|---|
| Claims liability, beginning of year | $ 335,000 |
| Current year claims | 4,171,664 |
| Claims payments | (3,961,664) |
| Claims liability, end of year | $ 545,000 |

## V. Other Information (continued)

### 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, 2018.

#### 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, 2018.

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

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

## REQUIRED SUPPLEMENTARY INFORMATION

## Town of Vail, Colorado
## General Fund
## Schedule of Revenues, Expenditures and Changes in Fund Balance
## Budget (GAAP Basis) and Actual
## For the Year Ended December 31, 2018
## With Comparative Actual Amounts For the Year Ended December 31, 2017

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Taxes:** | | | | | |
| General sales taxes | 16,149,000 | 16,149,000 | 16,149,000 | - | 15,831,698 |
| Property and ownership taxes | 5,300,000 | 5,300,000 | 5,313,730 | 13,730 | 4,940,193 |
| Ski area lift ticket admissions tax | 5,212,600 | 4,944,200 | 5,103,480 | 159,280 | 4,708,765 |
| Franchise tax | 1,107,877 | 1,107,877 | 1,124,577 | 16,700 | 1,088,493 |
| Penalties and interest on delinquent taxes | 43,260 | 43,260 | 34,101 | (9,159) | 20,003 |
| **Total - Taxes** | 27,812,737 | 27,544,337 | 27,724,888 | 180,551 | 26,589,152 |
| **Permits and Licenses:** | | | | | |
| Construction fees | 954,545 | 1,754,545 | 1,805,961 | 51,416 | 1,001,192 |
| Contractors' licenses | 59,646 | 59,646 | 50,225 | (9,421) | 49,526 |
| Other permits and licenses | 733,596 | 1,138,596 | 1,345,114 | 206,518 | 713,022 |
| **Total - Permits and Licenses** | 1,747,787 | 2,952,787 | 3,201,300 | 248,513 | 1,763,740 |
| **Intergovernmental:** | | | | | |
| County sales tax | 833,472 | 833,472 | 917,992 | 84,520 | 836,588 |
| County road and bridge | 720,000 | 720,000 | 706,903 | (13,097) | 655,534 |
| Additional motor vehicle registration fees | 26,000 | 26,000 | 26,753 | 753 | 26,856 |
| Cigarette tax | 75,000 | 75,000 | 64,999 | (10,001) | 66,769 |
| Highway users tax | 224,000 | 224,000 | 265,476 | 41,476 | 217,761 |
| Other county sources | 92,500 | 92,500 | 87,500 | (5,000) | 87,500 |
| Other state sources | - | 592,893 | 581,343 | (11,550) | 415,235 |
| Federal sources | 10,000 | 10,000 | - | (10,000) | 2,090 |
| **Total - Intergovernmental** | 1,980,972 | 2,573,865 | 2,650,966 | 77,101 | 2,308,333 |
| **Charges for Services:** | | | | | |
| Management fees - Vail Local Marketing District | 125,000 | 125,000 | 145,000 | 20,000 | 120,000 |
| Internal service charge | 497,176 | 539,494 | 596,679 | 57,185 | 512,438 |
| Out of district fire response | 52,000 | 52,000 | 25,485 | (26,515) | 17,296 |
| Alarm monitoring fees | 25,056 | 25,056 | 24,969 | (87) | 21,261 |
| Parking | 5,388,000 | 5,147,900 | 6,416,013 | 1,268,113 | 4,902,756 |
| Fines and forfeitures | 254,156 | 254,156 | 211,101 | (43,055) | 258,728 |
| Rents | 1,064,137 | 1,064,137 | 1,064,570 | 433 | 1,027,199 |
| Other charges, services, and sales | 223,032 | 223,032 | 298,986 | 75,954 | 290,369 |
| **Total - Charges for Services** | 7,628,557 | 7,430,775 | 8,782,803 | 1,352,028 | 7,150,047 |
| **Other Revenues:** | | | | | |
| Earnings on investments | 131,000 | 131,000 | 436,425 | 305,425 | 208,432 |
| Miscellaneous | 180,000 | 202,588 | 191,826 | (10,762) | 247,785 |
| **Total - Other Revenues** | 311,000 | 333,588 | 628,251 | 294,663 | 456,217 |
| **Total Revenues** | 39,481,053 | 40,835,352 | 42,988,208 | 2,152,856 | 38,267,489 |

**(Continued)**

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

**Town of Vail, Colorado**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance**
**Budget (GAAP Basis) and Actual**
**For the Year Ended December 31, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**
**(Continued)**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Expenditures:** | | | | | |
| **General Government:** | | | | | |
| Town officials | 1,684,638 | 1,662,638 | 1,345,488 | 317,150 | 1,280,282 |
| Administrative | 5,176,332 | 5,241,640 | 4,792,466 | 449,174 | 4,511,388 |
| Community development | 2,595,184 | 2,627,734 | 1,812,892 | 814,842 | 1,607,169 |
| **Total - General Government** | 9,456,154 | 9,532,012 | 7,950,846 | 1,581,166 | 7,398,839 |
| **Public Safety:** | | | | | |
| Police department | 6,078,475 | 6,192,097 | 5,981,902 | 210,195 | 5,734,473 |
| Fire department | 4,684,374 | 5,094,860 | 4,741,684 | 353,176 | 4,451,108 |
| **Total - Public Safety** | 10,762,849 | 11,286,957 | 10,723,586 | 563,371 | 10,185,581 |
| **Public Works and Transportation:** | | | | | |
| Highways and streets | 5,218,444 | 5,266,499 | 4,748,503 | 517,996 | 4,423,028 |
| Transportation | 5,249,412 | 5,259,412 | 5,363,851 | (104,439) | 5,216,267 |
| Parking operations | 1,433,571 | 1,593,571 | 1,613,448 | (19,877) | 1,405,212 |
| Facility maintenance | 3,890,982 | 3,905,982 | 3,609,024 | 296,958 | 3,713,247 |
| **Total - Public Works and Transportation** | 15,792,409 | 16,025,464 | 15,334,826 | 690,638 | 14,757,754 |
| **Culture and Recreation:** | | | | | |
| Special recreation facilities | 288,150 | 288,150 | 278,918 | 9,232 | 288,044 |
| Library | 922,123 | 942,511 | 955,056 | (12,545) | 948,519 |
| **Total - Culture and Recreation** | 1,210,273 | 1,230,661 | 1,233,974 | (3,313) | 1,236,563 |
| **Economic Development:** | | | | | |
| Contributions, marketing, and special events | 2,708,475 | 1,050,287 | 988,800 | 61,487 | 2,727,281 |
| **Total - Economic Development** | 2,708,475 | 1,050,287 | 988,800 | 61,487 | 2,727,281 |
| **Total Expenditures** | 39,930,160 | 39,125,381 | 36,232,032 | 2,893,349 | 36,306,018 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (449,107) | 1,709,971 | 6,756,176 | 5,046,205 | 1,961,471 |
| **Other Financing Sources (Uses):** | | | | | |
| Sale of assets | - | - | 28,753 | 28,753 | 27,600 |
| Transfers out | - | (2,186,120) | (2,186,120) | - | - |
| **Total Other Financing Sources (Uses)** | - | (2,186,120) | (2,157,367) | 28,753 | 27,600 |
| **Net Change in Fund Balance** | (449,107) | (476,149) | 4,598,809 | 5,074,958 | 1,989,071 |
| **Fund Balance - January 1** | 23,619,175 | 29,289,331 | 29,289,331 | - | 27,300,260 |
| **Fund Balance - December 31** | 23,170,068 | 28,813,182 | 33,888,140 | 5,074,958 | 29,289,331 |

**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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Taxes:** | | | | | |
| Real estate transfer tax | 6,100,000 | 6,430,000 | 7,649,013 | 1,219,013 | 6,313,610 |
| **Intergovernmental Revenue:** | | | | | |
| Lottery revenue | 20,000 | 20,000 | 27,774 | 7,774 | 27,004 |
| Other county revenue | - | 215,847 | 241,091 | 25,244 | 20,000 |
| Other state revenue | - | - | 700,000 | 700,000 | 7,518 |
| **Total - Intergovernmental Revenue** | 20,000 | 235,847 | 968,865 | 733,018 | 54,522 |
| **Charges for Services:** | | | | | |
| Recreation amenities fee | 10,000 | 10,000 | 11,146 | 1,146 | 27,397 |
| Land lease to Vail Recreation District | 165,000 | 165,000 | 141,605 | (23,395) | 141,605 |
| **Total - Charges for Services** | 175,000 | 175,000 | 152,751 | (22,249) | 169,002 |
| **Other:** | | | | | |
| Project reimbursements | - | 19,684 | 32,598 | 12,914 | 122,665 |
| Donations | - | 182,457 | 50,188 | (132,269) | 19,257 |
| Interest on investments | 19,059 | 19,059 | 157,216 | 138,157 | 79,119 |
| Other | 30,000 | 38,700 | 8,792 | (29,908) | 17,480 |
| **Total - Other** | 49,059 | 259,900 | 248,794 | (11,106) | 238,521 |
| **Total Revenues** | 6,344,059 | 7,100,747 | 9,019,423 | 1,918,676 | 6,775,655 |
| **Expenditures:** | | | | | |
| **Culture and Recreation:** | | | | | |
| Project management | 305,000 | 321,500 | 382,451 | (60,951) | 315,681 |
| Park maintenance | 1,669,395 | 1,705,895 | 1,485,754 | 220,141 | 1,506,457 |
| Environmental sustainability | 489,465 | 623,263 | 467,994 | 155,269 | 473,331 |
| Art in public places | 111,201 | 111,201 | 112,700 | (1,499) | 107,170 |
| **Total - Culture and Recreation** | 2,575,061 | 2,761,859 | 2,448,899 | 312,960 | 2,402,639 |
| **Public Works:** | | | | | |
| Capital projects | 6,232,384 | 14,322,838 | 4,331,417 | 9,991,421 | 4,244,957 |
| **Public Safety** | | | | | |
| Fire suppression | 277,248 | 271,918 | 231,468 | 40,450 | 241,430 |
| **Total Expenditures** | 9,084,693 | 17,356,615 | 7,011,784 | 10,344,831 | 6,889,026 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (2,740,634) | (10,255,868) | 2,007,639 | 12,263,507 | (113,371) |
| **Fund Balance - January 1** | 3,710,322 | 11,142,914 | 11,142,914 | - | 11,256,285 |
| **Fund Balance - December 31** | 969,688 | 887,046 | 13,150,553 | 12,263,507 | 11,142,914 |

**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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Permits and Licenses:** | | | | | |
| Business licenses | 380,000 | 275,000 | 337,602 | 62,602 | 384,253 |
| **Other:** | | | | | |
| Interest on investments | 1,500 | 1,500 | 4,718 | 3,218 | 3,115 |
| **Total Revenues** | 381,500 | 276,500 | 342,320 | 65,820 | 387,368 |
| **Expenditures:** | | | | | |
| **Economic Development:** | | | | | |
| Special Events | - | 1,699,140 | 1,680,935 | 18,205 | - |
| Commission on Special Events | 360,000 | 846,980 | 850,990 | (4,010) | 304,000 |
| Administration fee | 20,000 | 20,000 | 16,880 | 3,120 | 19,214 |
| **Total Expenditures** | 380,000 | 2,566,120 | 2,548,805 | 17,315 | 323,214 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 1,500 | (2,289,620) | (2,206,485) | 83,135 | 64,154 |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers in | - | 2,186,120 | 2,186,120 | - | - |
| **Total Other Financing Sources (Uses)** | - | 2,186,120 | 2,186,120 | - | - |
| **Net Change in Fund Balance** | 1,500 | (103,500) | (20,365) | 83,135 | 64,154 |
| **Fund Balance - January 1** | 309,952 | 323,606 | 323,606 | - | 259,452 |
| **Fund Balance - December 31** | 311,452 | 220,106 | 303,241 | 83,135 | 323,606 |

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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Taxes:** | | | | | |
| Lodging tax | 3,200,000 | 3,200,000 | 3,489,289 | 289,289 | 3,303,027 |
| **Other:** | | | | | |
| Interest on investments | 2,000 | 2,000 | 1,397 | (603) | 147 |
| **Total - Other** | 2,000 | 2,000 | 1,397 | (603) | 147 |
| **Total Revenues** | 3,202,000 | 3,202,000 | 3,490,686 | 288,686 | 3,303,174 |
| **Expenditures:** | | | | | |
| **Economic Development:** | | | | | |
| Destination | 1,417,600 | 1,451,600 | 1,441,688 | 9,912 | 1,602,758 |
| Front Range | 222,000 | 212,000 | 189,401 | 22,599 | 265,230 |
| Groups and meetings | 756,375 | 756,375 | 701,231 | 55,144 | 670,198 |
| Marketing | 493,200 | 469,200 | 455,477 | 13,723 | 578,139 |
| Special events | 25,000 | 225,000 | 225,000 | - | 3,990 |
| Purchased services | 485,825 | 485,825 | 467,733 | 18,092 | 513,296 |
| **Total Expenditures** | 3,400,000 | 3,600,000 | 3,480,530 | 119,470 | 3,633,611 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (198,000) | (398,000) | 10,156 | 408,156 | (330,437) |
| **Fund Balance - January 1** | 1,142,734 | 1,260,297 | 1,260,297 | - | 1,590,734 |
| **Fund Balance - December 31** | 944,734 | 862,297 | 1,270,453 | 408,156 | 1,260,297 |

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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Taxes:** | | | | | |
| Property tax | 4,413,000 | 5,540,000 | 5,475,660 | (64,340) | 4,514,083 |
| **Other:** | | | | | |
| Interest on investments | 1,745 | 1,745 | 4,045 | 2,300 | 3,272 |
| Interest subsidy (Build America Bonds) | 167,444 | 167,444 | 169,059 | 1,615 | 168,427 |
| **Total Revenues** | 4,582,189 | 5,709,189 | 5,648,764 | (60,425) | 4,685,782 |
| **Expenditures:** | | | | | |
| **Economic Development:** | | | | | |
| Administration | 77,460 | 100,000 | 98,604 | 1,396 | 80,715 |
| Fiscal agent fees | 2,200 | 2,800 | 2,420 | 380 | 2,420 |
| Treasurer's fees | 132,390 | 166,200 | 164,416 | 1,784 | 135,427 |
| Professional fees | 10,000 | 10,000 | 2,895 | 7,105 | 8,087 |
| Vail Square Metro District | 523,800 | 523,800 | 524,143 | (343) | 464,039 |
| **Total Economic Development** | 745,850 | 802,800 | 792,478 | 10,322 | 690,688 |
| **Debt Service:** | | | | | |
| Principal | 535,000 | 535,000 | 535,000 | - | 515,000 |
| Interest | 526,753 | 526,753 | 526,753 | - | 547,753 |
| **Total Debt Service** | 1,061,753 | 1,061,753 | 1,061,753 | - | 1,062,753 |
| **Total Expenditures** | 1,807,603 | 1,864,553 | 1,854,231 | 10,322 | 1,753,441 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 2,774,586 | 3,844,636 | 3,794,533 | (50,103) | 2,932,341 |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers out | (2,156,000) | (5,202,023) | (4,599,998) | 602,025 | (4,179,718) |
| **Total Other Financing Sources (Uses)** | (2,156,000) | (5,202,023) | (4,599,998) | 602,025 | (4,179,718) |
| **Net Change in Fund Balance** | 618,586 | (1,357,387) | (805,465) | 551,922 | (1,247,377) |
| **Fund Balance - January 1** | 1,123,121 | 3,064,772 | 3,064,772 | - | 4,312,149 |
| **Fund Balance - December 31** | 1,741,707 | 1,707,385 | 2,259,307 | 551,922 | 3,064,772 |

# 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, 2018
## With Comparative Actual Amounts For the Year Ended December 31, 2017

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Revenues:** | | | | | |
| **Taxes:** | | | | | |
| Sales tax | 9,897,000 | 9,897,000 | 12,046,899 | 2,149,899 | 10,317,753 |
| Construction use tax | 1,975,900 | 3,600,000 | 3,689,131 | 89,131 | 1,740,754 |
| **Total - Taxes** | 11,872,900 | 13,497,000 | 15,736,030 | 2,239,030 | 12,058,507 |
| **Intergovernmental:** | | | | | |
| County revenues | - | 260,302 | 197,523 | (62,779) | - |
| State grants | - | 83,691 | 747,710 | 664,019 | 3,402 |
| Federal grants | - | - | 1,653 | 1,653 | 60,293 |
| **Total - Intergovernmental** | - | 343,993 | 946,886 | 602,893 | 63,695 |
| **Charges for Services:** | | | | | |
| Leases - Vail Commons | 159,135 | 159,135 | 159,135 | - | 159,135 |
| **Total - Charges for Services** | 159,135 | 159,135 | 159,135 | - | 159,135 |
| **Other:** | | | | | |
| Interest on investments | 528,142 | 528,142 | 562,924 | 34,782 | 355,034 |
| Project reimbursements/shared costs | 5,843,802 | 6,989,416 | 6,727,757 | (261,659) | 206,306 |
| Construction fees | - | - | 259,565 | 259,565 | 569,327 |
| Workforce housing sales and other | 16,742,000 | 17,693,900 | 17,758,512 | 64,612 | - |
| **Total - Other** | 23,113,944 | 25,211,458 | 25,308,758 | 97,300 | 1,130,667 |
| **Total Revenues** | 35,145,979 | 39,211,586 | 42,150,810 | 2,939,224 | 13,412,004 |
| **Expenditures:** | | | | | |
| **Public Works:** | | | | | |
| Capital lease principal | - | - | 29,701 | 29,701 | 60,683 |
| Interest | - | - | 2,424 | 2,424 | 3,565 |
| Capital projects and acquisition | 25,983,812 | 54,367,459 | 32,634,757 | 21,732,702 | 29,452,457 |
| **Total - Public Works** | 25,983,812 | 54,367,459 | 32,666,882 | 21,764,827 | 29,516,705 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 9,162,167 | (15,155,873) | 9,483,928 | 24,704,051 | (16,104,701) |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers in | 2,156,000 | 5,202,023 | 4,599,998 | (602,025) | 4,179,718 |
| Transfers (out) | - | - | - | - | (150,000) |
| **Total Other Financing Sources (Uses)** | 2,156,000 | 5,202,023 | 4,599,998 | (602,025) | 4,029,718 |
| **Net Change in Fund Balance** | 11,318,167 | (9,953,850) | 14,083,926 | 24,102,026 | (12,074,983) |
| **Fund Balance - January 1** | 5,057,591 | 32,761,887 | 32,761,887 | - | 44,836,870 |
| **Fund Balance - December 31** | 16,375,758 | 22,808,037 | 46,845,813 | 24,102,026 | 32,761,887 |

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, 2018
## With Comparative Actual Amounts For the Year Ended December 31, 2017

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | **Original Budget** | **Final Budget** | **Actual** | **Final Budget Variance Positive (Negative)** | **Actual** |
| **Operating Revenues:** | | | | | |
| Rent | 1,471,442 | 1,471,442 | 1,452,310 | (19,132) | 1,359,914 |
| Ground lease | - | - | 155,149 | 155,149 | 155,149 |
| Other | 23,487 | 23,487 | 12,906 | (10,581) | 22,425 |
| **Total Operating Revenues** | 1,494,929 | 1,494,929 | 1,620,365 | 125,436 | 1,537,488 |
| **Operating Expenses:** | | | | | |
| Operating expenses | 539,545 | 539,545 | 514,238 | 25,307 | 503,646 |
| Capital outlay | 280,701 | 288,701 | 79,991 | 208,710 | 325,715 |
| **Total Operating Expenses** | 820,246 | 828,246 | 594,229 | 234,017 | 829,361 |
| **Operating Income (Loss)** | 674,683 | 666,683 | 1,026,136 | 359,453 | 708,127 |
| **Non-operating Revenues (Expenses):** | | | | | |
| Interest on investments | 1,866 | 1,866 | 12,008 | 10,142 | 1,230 |
| Interest expense | (122,223) | (122,223) | (122,221) | 2 | (127,723) |
| Loan principal repayment to Capital Projects Fund | (367,196) | (367,196) | (367,196) | - | (361,769) |
| **Total Non-operating Revenue (Expenses)** | (487,553) | (487,553) | (477,409) | 10,144 | (488,262) |
| **Change in Net Position - Budget Basis** | 187,130 | 179,130 | 548,727 | 369,597 | 219,865 |
| **Reconciliation to GAAP Basis:** | | | | | |
| **Adjustments:** | | | | | |
| Loan principal repayment to Capital Projects Fund | | | 367,196 | | 361,769 |
| Depreciation | | | (345,762) | | (337,190) |
| Capitalized assets | | | 79,991 | | 325,715 |
| **Total Adjustments** | | | 101,425 | | 350,294 |
| **Change in Net Position - GAAP Basis** | | | 650,152 | | 570,159 |

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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| **Operating Revenues:** | | | | | |
| **Charges and Fees:** | | | | | |
| Dispatch service fee | 659,608 | 659,608 | 659,608 | - | 659,571 |
| Dispatching contracts | 1,279,892 | 1,279,892 | 1,277,282 | (2,610) | 1,231,642 |
| Other charges | - | - | 13,622 | 13,622 | 19,994 |
| **Total Operating Revenues** | 1,939,500 | 1,939,500 | 1,950,512 | 11,012 | 1,911,207 |
| **Operating Expenses:** | | | | | |
| **Public Safety:** | | | | | |
| Salaries and benefits | 2,149,392 | 2,154,373 | 1,960,106 | 194,267 | 2,010,382 |
| Operating expenses | 630,069 | 521,604 | 468,263 | 53,341 | 547,047 |
| Capital outlay | - | 669,500 | 432,221 | 237,279 | 304,070 |
| **Total Operating Expenses** | 2,779,461 | 3,345,477 | 2,860,590 | 484,887 | 2,861,499 |
| **Operating (Loss) - Budget Basis** | (839,961) | (1,405,977) | (910,078) | 495,899 | (950,292) |
| **Non-operating Revenues:** | | | | | |
| Operating grant - E-911 Board | 762,176 | 762,176 | 778,562 | 16,386 | 776,809 |
| Other operating grants | - | 368,981 | 403,000 | 34,019 | - |
| Earnings on investments | 6,050 | 6,050 | 22,678 | 16,628 | 7,511 |
| **Total Non-operating Revenues** | 768,226 | 1,137,207 | 1,204,240 | 67,033 | 784,320 |
| **Income (Loss) Before Transfers** | (71,735) | (268,770) | 294,162 | 562,932 | (165,972) |
| **Transfers In** | - | - | - | - | 150,000 |
| **Change in Net Position - Budget Basis** | (71,735) | (268,770) | 294,162 | 562,932 | (15,972) |
| **Adjustments:** | | | | | |
| Change in compensated absences | | | 17,101 | | (12,962) |
| Depreciation | | | (149,924) | | (154,561) |
| Capitalized assets | | | 432,221 | | 304,070 |
| **Total Adjustments** | | | 299,398 | | 136,547 |
| **Change in Net Position - GAAP Basis** | | | 593,560 | | 120,575 |

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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | **Original Budget** | **Final Budget** | **Actual** | **Final Budget Variance Positive (Negative)** | **Actual** |
| **Operating Revenues:** | | | | | |
| **Charges and Fees:** | | | | | |
| Operating charges | 2,447,151 | 2,447,151 | 2,383,188 | (63,963) | 2,331,493 |
| Replacement charges | 756,982 | 756,982 | 712,767 | (44,215) | 694,828 |
| **Total - Charges and Fees** | 3,204,133 | 3,204,133 | 3,095,955 | (108,178) | 3,026,321 |
| **Other:** | | | | | |
| Insurance reimbursements | 10,000 | 10,000 | 9,128 | (872) | 20,304 |
| Other | - | - | 20,733 | 20,733 | 18,354 |
| **Total - Other** | 10,000 | 10,000 | 29,861 | 19,861 | 38,658 |
| **Total Operating Revenues** | 3,214,133 | 3,214,133 | 3,125,816 | (88,317) | 3,064,979 |
| **Operating Expenses:** | | | | | |
| **Public Works:** | | | | | |
| Vehicle maintenance and fuel | 2,599,743 | 2,704,609 | 2,410,867 | 293,742 | 2,406,522 |
| Capital outlay | 703,700 | 847,200 | 733,115 | 114,085 | 1,091,774 |
| **Total Operating Expenses** | 3,303,443 | 3,551,809 | 3,143,982 | 407,827 | 3,498,296 |
| **Operating Income (Loss) - Budget Basis** | (89,310) | (337,676) | (18,166) | 319,510 | (433,317) |
| **Non-operating Revenues:** | | | | | |
| Earnings on investments | 7,500 | 7,500 | 20,568 | 13,068 | 11,683 |
| Proceeds from sale of assets | 130,483 | 130,483 | 99,015 | (31,468) | 220,303 |
| **Total Non-operating Revenues:** | 137,983 | 137,983 | 119,583 | (18,400) | 231,986 |
| **Change in Net Position - Budget Basis** | 48,673 | (199,693) | 101,417 | 301,110 | (201,331) |
| **Reconciliation to GAAP Basis:** | | | | | |
| **Adjustments:** | | | | | |
| Contributed from other funds | | | 265,882 | | 674,695 |
| Net book value of disposed assets | | | (14,313) | | (30,066) |
| Depreciation | | | (845,214) | | (794,507) |
| Change in accrued compensated absences | | | 10,440 | | 1,919 |
| Capitalized assets | | | 733,115 | | 1,091,774 |
| **Total Adjustments** | | | 149,910 | | 943,815 |
| **Change in Net Position - GAAP Basis** | | | 251,327 | | 742,484 |

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, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | 2018 | | | | 2017 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Operating Revenues:** | | | | | |
| **Charges and Fees:** | | | | | |
| Insurance premiums | 4,085,000 | 4,085,000 | 3,950,000 | (135,000) | 3,700,000 |
| Insurance premiums - Employee contributions | 715,000 | 715,000 | 773,461 | 58,461 | 729,490 |
| **Total Operating Revenues** | 4,800,000 | 4,800,000 | 4,723,461 | (76,539) | 4,429,490 |
| **Operating Expenses:** | | | | | |
| **General Government:** | | | | | |
| Health claims | 4,003,908 | 4,003,908 | 3,961,664 | 42,244 | 3,684,452 |
| Premiums | 897,141 | 897,141 | 889,778 | 7,363 | 744,670 |
| Administrative fees | 38,300 | 38,300 | 20,594 | 17,706 | 20,000 |
| **Total Operating Expenses** | 4,939,349 | 4,939,349 | 4,872,036 | 67,313 | 4,449,122 |
| **Operating Income (Loss)** | (139,349) | (139,349) | (148,575) | (9,226) | (19,632) |
| **Non-operating Revenues:** | | | | | |
| Earnings on investments | 12,000 | 12,000 | 45,396 | 33,396 | 25,484 |
| **Change in Net Position** | (127,349) | (127,349) | (103,179) | 24,170 | 5,852 |

**Town of Vail, Colorado**
**Internal Service Funds**
**Combining Statement of Net Position**
**December 31, 2018**

| | Heavy Equipment Fund | Health Insurance Fund | Total |
|---|---|---|---|
| **Assets:** | | | |
| **Current Assets:** | | | |
| Equity in pooled cash and investments | 1,793,764 | 3,883,020 | 5,676,784 |
| Accounts receivable, net of allowance for uncollectibles | 78,137 | 7,963 | 86,100 |
| Inventory | 252,228 | - | 252,228 |
| Prepaid expenses | - | 500 | 500 |
| **Total Current Assets** | 2,124,129 | 3,891,483 | 6,015,612 |
| **Non-current Assets:** | | | |
| Property, plant, and equipment, net of accumulated depreciation | 5,268,933 | - | 5,268,933 |
| **Total Assets** | 7,393,062 | 3,891,483 | 11,284,545 |
| **Liabilities:** | | | |
| **Current Liabilities:** | | | |
| Accounts payable | 62,210 | 545,000 | 607,210 |
| Accrued salaries and wages | 15,538 | - | 15,538 |
| Current portion of compensated absences | 13,815 | - | 13,815 |
| **Total Current Liabilities** | 91,563 | 545,000 | 636,563 |
| **Non-current Liabilities:** | | | |
| Compensated absences, net of current portion | 32,234 | - | 32,234 |
| **Total Liabilities** | 123,797 | 545,000 | 668,797 |
| **Net Position:** | | | |
| Invested in capital assets, net of related debt | 5,268,933 | - | 5,268,933 |
| Unrestricted | 2,000,332 | 3,346,483 | 5,346,815 |
| **Total Net Position** | 7,269,265 | 3,346,483 | 10,615,748 |

**Town of Vail, Colorado**
**Internal Service Funds**
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**
**For the Year Ended December 31, 2018**

| | Heavy Equipment Fund | Health Insurance Fund | Total |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Charges for services - Internal | 3,095,955 | 3,950,000 | 7,045,955 |
| Charges for services - External | - | 773,461 | 773,461 |
| Insurance reimbursements | 9,128 | - | 9,128 |
| Other | 20,733 | - | 20,733 |
| **Total Operating Revenues** | 3,125,816 | 4,723,461 | 7,849,277 |
| **Operating Expenses:** | | | |
| Operations | 2,400,427 | 20,594 | 2,421,021 |
| Health claims and premiums | - | 4,851,442 | 4,851,442 |
| Depreciation | 845,214 | - | 845,214 |
| **Total Operating Expenses** | 3,245,641 | 4,872,036 | 8,117,677 |
| **Operating Income (Loss)** | (119,825) | (148,575) | (268,400) |
| **Non-operating Revenues (Expenses):** | | | |
| Gain (loss) on disposal of assets | 84,702 | - | 84,702 |
| Investment income | 20,568 | 45,396 | 65,964 |
| **Total Non-operating Revenues (Expenses)** | 105,270 | 45,396 | 150,666 |
| **Income (Loss) Before Transfers and Capital Contributions** | (14,555) | (103,179) | (117,734) |
| **Capital Contributions, Net** | 265,882 | - | 265,882 |
| **Change in Net Position** | 251,327 | (103,179) | 148,148 |
| **Net Position - January 1** | 7,017,938 | 3,449,662 | 10,467,600 |
| **Net Position - December 31** | 7,269,265 | 3,346,483 | 10,615,748 |

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, 2018**

| | Heavy Equipment Fund | Health Insurance Fund | Total |
|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | |
| Cash received from other funds | 3,095,955 | 3,950,000 | 7,045,955 |
| Other cash receipts | 29,915 | 769,001 | 798,916 |
| Cash paid for goods and services | (1,277,520) | (4,662,143) | (5,939,663) |
| Cash paid to employees | (1,100,890) | - | (1,100,890) |
| **Net Cash Provided (Used) by Operating Activities** | 747,460 | 56,857 | 804,317 |
| **Cash Flows From Capital and Related Financing Activities:** | | | |
| Cash received from sale of fixed assets | 23,020 | - | 23,020 |
| Acquisition and construction of capital assets | (733,114) | - | (733,114) |
| **Net Cash Provided (Used) by Capital and Related Financing Activities** | (710,094) | - | (710,094) |
| **Cash Flows From Investing Activities:** | | | |
| Interest on Investments | 20,568 | 45,396 | 65,964 |
| **Net Cash Provided (Used) by Investing Activities** | 20,568 | 45,396 | 65,964 |
| **Net Change in Cash and Cash Equivalents** | 57,934 | 102,253 | 160,187 |
| **Cash and Cash Equivalents - Beginning** | 1,735,830 | 3,780,767 | 5,516,597 |
| **Cash and Cash Equivalents - Ending** | 1,793,764 | 3,883,020 | 5,676,784 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | |
| **Operating income (loss)** | (119,825) | (148,575) | (268,400) |
| **Adjustments:** | | | |
| Depreciation | 845,214 | - | 845,214 |
| (Increase) decrease in accounts receivable | 57 | (4,461) | (4,404) |
| (Increase) decrease in inventory | 27,385 | - | 27,385 |
| Increase (decrease) in accounts payable | 4,885 | 209,893 | 214,778 |
| Increase (decrease) in accrued wages and benefits | (10,256) | - | (10,256) |
| **Total Adjustments** | 867,285 | 205,432 | 1,072,717 |
| **Net Cash Provided (Used) by Operating Activities** | 747,460 | 56,857 | 804,317 |
| **Schedule of Non-cash Investing, Capital and Financing Activities:** | | | |
| Assets donated by Capital Projects Fund | 265,882 | - | 265,882 |

**Town of Vail, Colorado**
**Capital Projects Fund**
**Schedule of Project Expenditures - Budget (GAAP Basis) and Actual**
**For the Year Ended December 31, 2018**
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

| | | 2018 | | | 2017 |
|---|---|---|---|---|---|
| Project Number | Project Name | Final Budget | Actual | Variance Positive (Negative) | Actual |
| CBI010 | Fire Infrastructure / Main Vail Fire Stn | - | - | - | 571,925 |
| CBI021 | Donovan Park Pavilion | 15,000 | - | 15,000 | - |
| CBI025 | Colorado Ski Museum Renovation | 500,000 | 500,000 | - | - |
| CBI025 | Welcome Center Capital Maintiance | 250,000 | 121,154 | 128,846 | - |
| CBI027 | Public Works Remodel | 150,000 | 136,594 | 13,406 | - |
| CEP002 | Hybrid Bus Battery Replacement | 431,772 | 43,056 | 388,716 | - |
| CEP004 | Replace Buses | 3,229,587 | 2,964,563 | 265,024 | 3,373,913 |
| CEP005 | Hardware Purchases | 150,000 | 86,074 | 63,926 | 140,346 |
| CEP006 | Radio Replacement | 860,340 | 738,844 | 121,496 | 18,865 |
| CEP007 | Phone System Upgrade | 77,220 | 32,243 | 44,977 | 13,927 |
| CEP008 | Parking Entry System | 93,037 | - | 93,037 | 16,163 |
| CEP010 | Network Upgrades | 380,000 | 366,857 | 13,143 | 25,953 |
| CEP011 | Document Imaging | 30,000 | 29,018 | 982 | 28,683 |
| CEP018 | Web and E-commerce | 12,000 | 4,311 | 7,689 | 6,403 |
| CEP019 | Computer-Aided Dispatch (CAD/RMS) | 97,768 | 44,906 | 52,862 | 76,232 |
| CEP022 | Audio Visual | 158,000 | 164,038 | (6,038) | 41,608 |
| CEP026 | Fire Equipment | 210,000 | 165,100 | 44,900 | - |
| CEP030 | Vehicle expansion | 265,000 | 251,309 | 13,691 | 687,536 |
| CEP031 | Software Licensing | 217,000 | 34,134 | 182,867 | 45,759 |
| CEP033 | Data Centers / Computer Rooms | 1,209,036 | 1,009,587 | 199,449 | - |
| CEP036 | Business Systems | 338,700 | 196,366 | 142,334 | 27,125 |
| CEP038 | Police Equipment | 121,791 | 101,696 | 20,095 | 10,395 |
| CEP040 | Transit Center Generator | - | - | - | 14,564 |
| CEP045 | Resot Application | - | - | - | 155,817 |
| CEP046 | Library Self-Check System Updates | 38,000 | 36,135 | 1,865 | - |
| CHF001 | Buy-Down Housing | 429,049 | 261,976 | 167,073 | 328,588 |
| CHF002 | Solar Vail | 4,225,000 | - | 4,225,000 | - |
| CHF003 | Vail InDEED | 2,500,000 | 1,659,726 | 840,274 | - |
| CHF004 | Employee Housing | 312,000 | 309,636 | 2,364 | - |
| CHP001 | Buy-Down Program | - | - | - | 438 |
| CHP020 | Chamonix Housing Development | 230,322 | 71,872 | 158,450 | 532,226 |
| CHP022 | Chamonix- Vail Homes | 4,083,151 | 2,285,755 | 1,797,396 | 15,252,345 |
| CMP007 | Transportation Master Plan | 233,482 | - | 233,482 | 27,754 |
| CMT003 | Bus Shelter Replacement Program | 118,825 | 27,048 | 91,777 | 1,787 |
| CMT004 | Capital Street Maintenance | 1,220,000 | 834,558 | 385,442 | 1,212,105 |
| CMT005 | Facility Capital | 576,000 | 299,338 | 276,662 | 616,072 |
| CMT007 | Parking Structure Maintenance | 695,000 | 490,086 | 204,914 | 441,110 |
| CMT009 | Energy Enhacements | 87,900 | 14,052 | 73,848 | 5,001 |
| CMT010 | Underground Utilities | 2,188,066 | 1,491,391 | 696,675 | 203,872 |
| CMT016 | Public Works Wash Down | 246,967 | 61,793 | 185,174 | - |
| CMT017 | Slifer Plaza Fountain and Storm Sewer | 4,377,119 | 2,821,757 | 1,555,362 | 78,202 |
| CMT018 | Public Works Shop Building Maintenance | 300,000 | - | - | - |
| COT002 | Street Light Improvement Program | 147,056 | 64,919 | 82,137 | 18,200 |
| COT004 | Fiber-Optics in Buildings | 62,000 | 26,620 | 35,380 | 12,825 |
| COT015 | Red Sandstone Parking Garage | 14,662,953 | 12,095,586 | 2,567,367 | 371,959 |
| COT022 | Municipal Complex Redevelopment | 300,643 | - | 300,643 | 58,687 |
| COT024 | West Forest Road Bridge Repiar | 347,497 | - | 347,497 | - |
| COT025 | Kinnickinnick(West) Bridge Repair | 341,637 | - | 341,637 | - |
| COT026 | Vail Memorial Park Capital Contribution | - | - | - | 50,000 |
| COT027 | Children's Garden of Learning Boiler Replacement | 12,800 | 18,574 | - | - |
| CSC016 | Guest Services Enhancements | 647,684 | 503,922 | 143,762 | 308,429 |
| CSC017 | Pedestrian Safety Enhacements | 1,500,000 | 20,884 | 1,479,116 | 348,453 |
| CSC018 | East Meadow Drive Snowmelt | 800,000 | 471,033 | 328,967 | - |
| CSC019 | Transit Stop Improvements | 393,000 | 280,404 | 112,596 | - |
| CSC020 | West Vail Interchance Sidewalk Improvements | 325,000 | - | 325,000 | - |
| CSR007 | Neighborhood Road Reconstruction | 54,740 | - | 54,740 | 5,750 |
| CSR008 | Neighborhood Bridges | 1,554,106 | 21,564 | 1,532,542 | 31,502 |
| CSR009 | Frontage Road Enhacements VVMC | 202,229 | 181,574 | 20,655 | 252,771 |
| CSR010 | West Vail Roundabout Repair | 350,000 | 286,630 | - | - |
| VRA010 | I-70 Underpass | 492,990 | - | 492,990 | 3,395,597 |
| VRA013 | East Lionshead Circle Pathway | 93,560 | - | 93,560 | 6,440 |
| VRA014 | Dobson Plaza | 100,000 | - | 100,000 | - |
| VRA015 | Public Art-Lionshead | - | - | - | 173,250 |
| VRA016 | Vantage Point Walkway | - | - | - | 159,811 |
| VRA017 | Lionshead Express Bus Stop Improvements | 657,000 | 656,308 | 692 | - |
| VRA018 | Lionshead Parking Structure Landscape Renovations | 100,000 | 69,709 | 30,291 | - |
| VRA019 | Vail Spa Heated Walkway | 250,000 | - | 250,000 | - |
| VRA020 | Heated Walk- Lionshead to First Chair | 315,432 | 314,185 | 1,248 | 6,069 |
| | **Total** | 54,367,459 | 32,666,882 | 21,342,981 | 29,452,457 |

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, 2018
## With Comparative Actual Amounts For the Year Ended December 31, 2017

| Project Number | Project Name | 2018 Final Budget | 2018 Actual | 2018 Variance Positive (Negative) | 2017 Actual |
|---|---|---|---|---|---|
| CCF001 | Golf Clubhouse Redevelopment | 118,729 | 65,794 | 52,935 | 959,183 |
| CCF002 | Ford Park Fields Redevelopment | 262,620 | 142,396 | 120,224 | 559,205 |
| RFP005 | Alpine Gardens Pledge | 69,700 | 69,700 | - | 69,700 |
| RFP007 | Alpine Gardens Contribution | 38,433 | 38,768 | (335) | 10,567 |
| RFP017 | Ford Park Portal Improvements | 23,867 | 21,328 | 2,539 | 306,836 |
| RMT001 | Recreation Path Maintenance | 110,986 | 14,347 | 96,639 | 139,302 |
| RMT002 | Tree Maintenance | 65,000 | 30,403 | 34,598 | 103,898 |
| RMT005 | Street Furniture - Streetscape | 25,000 | 17,767 | 7,233 | 56,134 |
| RMT006 | Eagle River Watershed Programs | 45,450 | 45,450 | - | 59,450 |
| RMT009 | Park/Playground Capital Maintenance | 236,076 | 213,959 | 22,117 | 73,518 |
| RMT016 | Ford Park / Tennis Center Improvements | 157,931 | - | 157,931 | 52,800 |
| RMT018 | Dobson Ice Arena | 471,311 | - | 471,311 | 5,773 |
| RMT019 | Gymnastics Center | 52,089 | 14,496 | 37,593 | 9,500 |
| RMT022 | Recreation Enhancement Account (VRD) | 305,094 | - | 305,094 | - |
| RMT024 | Athletic Fields | 35,523 | - | 35,523 | - |
| RMT025 | Nature Center | 262,740 | 228,790 | 33,950 | 22,514 |
| RMT027 | Golf Course - Other Improvements | 1,007,141 | 735,745 | 271,396 | - |
| RMT028 | Flood Repairs | 2,138,515 | 14,259 | 2,124,256 | 67,970 |
| RMT029 | Glen Lyon Recreation Path Bridge | - | - | - | 118,637 |
| RMT030 | East Vail Interchange Improvements | 1,423,960 | 630,406 | 793,554 | 64,847 |
| RMT032 | Intermountain Fuels Reduction | 74,328 | 32,186 | 42,142 | 670,328 |
| RMT033 | North Bike Path Reconstruction | 235,000 | - | - | - |
| RMT034 | Forest Health VHF Radios | 37,193 | 35,668 | - | - |
| RFA001 | Property Acquisition | 150,000 | 152,687 | - | - |
| RPD015 | Booth Creek Park Redevelopment | 40,000 | - | 40,000 | 75,920 |
| RPD016 | Donovan Park Master Plan | - | - | - | 38,747 |
| RPD017 | Chalet Road Sport Courts | 38,463 | - | 38,463 | 1,537 |
| RPI007 | Streamtract Education | 199,297 | 150,889 | 48,408 | 148,792 |
| RPI008 | East Vail Water Quality TAPS | 1,124,111 | 1,034,746 | 89,365 | - |
| RPI009 | Big Horn Park Improvements | 13,208 | - | 13,208 | 211,792 |
| RPI010 | Water Quality Infrastructure | 2,512,181 | 35,014 | 2,477,167 | 87,061 |
| RPI011 | Streambank Restoration | 703,222 | 79,886 | 623,336 | 142,431 |
| RPI012 | Private Streambank | 101,000 | 35,917 | 65,083 | 12,764 |
| RPI013 | Stephen's Park Improvements | 150,000 | - | - | - |
| RPT020 | Open Lands | 404,624 | 38,197 | 366,427 | 72,568 |
| RPT021 | Soft Surface Trails | 168,109 | - | - | 31,892 |
| RPT022 | Adopt-a-Trail | - | - | - | 5,000 |
| RPT023 | Gore Valley Trail Realignment | 450,000 | 271,625 | - | - |
| RRT001 | Public Art | 623,342 | 139,534 | 483,808 | 34,264 |
| RRT006 | Public Art - Winterfest | 23,595 | 23,594 | 1 | 32,028 |
| RRT007 | Public Art - Pete Seibert Memorial | 300,000 | - | - | - |
| RSS006 | Vail Transit Center Landscape | 125,000 | 17,867 | 107,133 | - |
| | **Total** | 14,322,838 | 4,331,417 | 8,961,099 | 4,244,958 |

**LOCAL HIGHWAY FINANCE REPORT**

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

Financial Planning 02/01
Form # 350-050-36

| LOCAL HIGHWAY FINANCE REPORT | | City or County: Vail |
|---|---|---|
| | | YEAR ENDING : December 2018 |
| 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 | 2,153,272 |
| 3. Other local imposts (from page 2) | 986,828 |
| 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) | 3,140,100 |
| **B. Private Contributions** | 6,815,471 |
| **C. Receipts from State government** (from page 2) | 292,229 |
| **D. Receipts from Federal Government** (from page 2) | - |
| **E. Total receipts (A.7 + B + C + D)** | 10,247,800 |

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway disbursements:** | |
| 1. Capital outlay (from page 2) | 4,619,158 |
| 2. Maintenance: | 2,311,717 |
| 3. Road and street services: | |
| a. Traffic control operations | 347,272 |
| b. Snow and ice removal | 1,040,232 |
| c. Other | |
| d. Total (a. through c.) | 1,387,503 |
| 4. General administration & miscellaneous | 428,447 |
| 5. Highway law enforcement and safety | 1,501,302 |
| 6. Total (1 through 5) | 10,248,128 |
| **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)** | 10,248,128 |

(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 |
|---|---|---|---|---|
| - | 10,247,800 | 10,248,128 | - | (328) |

**Notes and Comments:**

| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
|---|---|
| | YEAR ENDING (mm/yy): December 2018 |

## II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **A.3. Other local imposts:** | | **A.4. Miscellaneous local receipts:** | |
| a. Property Taxes and Assessments | | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalities | |
| 1. Sales Taxes | | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | 986,828 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 986,828 | h. Other | |
| c. Total (a. + b.) | 986,828 | i. Total (a. through h.) | - |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user taxes | 265,476 | 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 | 26,753 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 26,753 | g. Total (a. through f.) | - |
| 4. Total (1. + 2. + 3.f) | 292,229 | 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 | | 59,293 | 59,293 |
| c. Construction: | | | |
| (1). New Facilities | | | - |
| (2). Capacity Improvements | | | - |
| (3). System Preservation | | 4,559,865 | 4,559,865 |
| (5). Total Construction (1) + (2) + (3) + (4) | - | 4,559,865 | 4,559,865 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | - | 4,619,158 | 4,619,158 |
| | | | (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, 2018**

## TABLE I
### Vail Reinvestment Authority History of Pledged Revenues

| | 2013 | 2014 | 2015 | 2017 | 2018 |
|---|---|---|---|---|---|
| Pledged Revenues | 3,373,916 | 3,541,546 | 3,673,030 | 4,221,743 | 5,124,621 |

## 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 |
|---|---|---|---|---|---|
| 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 |
| 2017 | 2018 | 216,549,720 | 1.9% | 115,130,090 | 101,419,630 |

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

| Tax Areas | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|---|---|---|---|---|---|
| 202 | 47.0140 | 45.2100 | 51.1300 | 51.6980 | 51.951 |
| 203 | 45.4720 | 44.1460 | 49.7500 | 50.3960 | 50.648 |
| 204 | 60.8760 | 55.7010 | 61.4300 | 60.8500 | 60.025 |
| 206 | 47.0140 | 45.5210 | 51.1300 | 51.6980 | 51.951 |
| 207 | 87.0140 | 80.5210 | 86.1300 | 86.6980 | 86.951 |
| 208 | 72.0140 | 67.3960 | 73.0100 | 73.5730 | 73.826 |
| 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, 2018**

## TABLE IV
## Largest Taxpayers in the Authority

| Taxpayer Name | 2018 Preliminary Assessed Valuation | Percentage of Total Assessed Valuation |
|---|---|---|
| Diamondrock LLC | 41,325,270 | 19.1% |
| Arrrabelle at Vail Square LLC | 12,706,140 | 5.9% |
| Ritz-Carlton Development Co Inc | 10,274,320 | 4.7% |
| Lion Vail LLC | 9,705,250 | 4.5% |
| Vail Corp | 4,964,690 | 2.3% |
| A Belle Vail Co LLC | 2,916,700 | 1.3% |
| Lazier Lionshead LLC | 2,403,760 | 1.1% |
| 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% |
| 484 Arrabelle LLC | 1,028,040 | 0.5% |
| **Total** | 216,449,720 | |

## TABLE V
## 2018 Preliminary Assessed Valuation of Classes of Property in the Authority

| Class | Total Assessed Valuation | Percentage of Total Assessed Valuation |
|---|---|---|
| Residential | 135,489,420 | 63% |
| Commercial | 79,841,890 | 37% |
| Vacant | 949,920 | 0% |
| State assessed | 168,490 | 0% |
| **Total** | 216,449,720 | 100% |

**Town of Vail, Colorado**
**Issuer's Annual Report**
**Update of Official Statement Tables to be Updated**
**Table VI**
**December 31, 2018**

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| **Other:** | | | | | |
| Property tax | 3,662,130 | 3,837,261 | 3,959,506 | 4,514,083 | 5,475,660 |
| Interest on investments | 1,219 | 937 | 2,062 | 3,273 | 4,045 |
| Interest subsidy (Build America Bonds) | 167,524 | 167,896 | 168,246 | 168,427 | 169,059 |
| **Total Revenues** | 3,830,873 | 4,006,094 | 4,129,814 | 4,685,783 | 5,648,764 |
| **Expenditures:** | | | | | |
| **Economic Development:** | | | | | |
| Administration | 65,282 | 67,167 | 69,772 | 80,715 | 98,604 |
| Fiscal agent fees | 2,200 | 2,420 | 2,420 | 2,420 | 2,420 |
| Treasurer's fees | 113,259 | 115,121 | 118,789 | 135,427 | 164,416 |
| Professional fees | 5,435 | 11,623 | 2,810 | 8,087 | 2,895 |
| Vail Square Metro District | 456,957 | 464,548 | 456,784 | 464,039 | 524,143 |
| **Total Economic Development:** | 643,134 | 660,879 | 650,575 | 690,688 | 792,478 |
| **Debt Service:** | | | | | |
| Principal | 475,000 | 490,000 | 500,000 | 515,000 | 535,000 |
| Interest | 591,178 | 577,928 | 564,928 | 547,753 | 526,753 |
| **Total Debt Service:** | 1,066,178 | 1,067,928 | 1,064,928 | 1,062,753 | 1,061,753 |
| **Total Expenditures** | 1,709,312 | 1,728,807 | 1,715,503 | 1,753,441 | 1,854,231 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 2,121,560 | 2,277,287 | 2,414,311 | 2,932,342 | 3,794,533 |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers out | (3,049,280) | (2,757,636) | (3,546,063) | (4,179,718) | (4,599,998) |
| **Total Other Financing Sources (Uses)** | (3,049,280) | (2,757,636) | (3,546,063) | (4,179,718) | (4,599,998) |
| **Net Change in Fund Balance** | (927,719) | (480,349) | (1,131,752) | (1,247,376) | (805,465) |
| **Fund Balance - January 1** | 6,851,969 | 5,924,250 | 5,443,901 | 4,312,149 | 3,064,773 |
| **Fund Balance - December 31** | 5,924,250 | 5,443,901 | 4,312,149 | 3,064,773 | 2,259,308 |

**Town of Vail, Colorado**
**Issuer's Annual Report**
**Update of Official Statement of Tables to be Updated**
**Tables VII and VIII**
**December 31, 2018**

**TABLE VII**
**2018 Budget Summary and Actual Comparison / 2019 Budget**
**Vail Reinvestment Authority**

| | 2018 Budget | 2018 Actual | 2019 Budget |
|---|---|---|---|
| **Revenues:** | | | |
| **Other:** | | | |
| Property tax | 5,540,000 | 5,475,660 | 5,540,000 |
| Interest on investments | 1,745 | 4,045 | 2,615 |
| Interest Subsidy (Build America Bonds) | 167,444 | 169,059 | 167,444 |
| **Total Revenues** | 5,709,189 | 5,648,764 | 5,710,059 |
| **Expenditures:** | | | |
| **Economic Development:** | | | |
| Administration | 100,000 | 98,604 | 100,000 |
| Fiscal agent fees | 2,800 | 2,420 | 2,800 |
| Treasurer's fees | 166,200 | 164,416 | 166,200 |
| Professional fees | 10,000 | 2,895 | 10,000 |
| Vail Square Metro District | 523,800 | 524,143 | 523,800 |
| **Total Economic Development:** | 802,800 | 792,478 | 802,800 |
| **Debt Service:** | | | |
| Principal | 535,000 | 535,000 | 555,000 |
| Interest | 526,753 | 526,753 | 501,432 |
| **Total Debt Service:** | 1,061,753 | 1,061,753 | 1,056,432 |
| **Total Expenditures** | 1,864,553 | 1,854,231 | 1,859,232 |
| **Excess (Deficiency) of Revenues over Expenditures** | 3,844,636 | 3,794,533 | 3,850,827 |
| **Other Financing Sources (Uses):** | | | |
| Transfers out | (5,202,023) | (4,599,998) | (3,050,000) |
| **Net Change in Fund Balance** | (1,357,387) | (805,465) | 800,827 |
| **Fund Balance - January 1** | 3,064,772 | 3,064,772 | 1,707,385 |
| **Fund Balance - December 31** | 1,707,385 | 2,259,307 | 2,508,212 |

**TABLE VIII**
**Outstanding Revenue Obligations**

| Issue | Outstanding Principal |
|---|---|
| Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010A | $ - |
| Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B | 8,270,000 |
| **Total** | $ 8,270,000 |