



**Financial Statements
December 31, 2019**

**Town of Vail, Colorado
Financial Statements
December 31, 2019**

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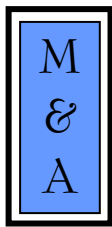
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INDEPENDENT AUDITOR'S REPORT



McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Members of Town Council
Town of 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, 2019, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*. 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, 2019, 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.

Member: American Institute of Certified Public Accountants

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

Other Matters

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

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

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

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and are not a required part of the Town's financial statements. Such 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 statement 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Vail, Colorado

Management's Discussion and Analysis

December 31, 2019

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, 2019.

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 2019 fiscal year by \$313,272,313 (net position). Of this amount, \$2,347,300 is restricted for TABOR emergency reserves and \$1,382,116 is restricted by enabling legislation.
- The Town's total net position increased in the 2019 fiscal year by \$20,615,475 which was attributable to increase from governmental activities of \$19,564,155 and an increase of \$1,051,320 from business-type activities.
- At December 31, 2019, the fund balance of the General Fund was \$36,306,665. Of that amount, \$2,235,300 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 \$313,272,313 at the close of the most recent fiscal year. Approximately 67% 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 2019 and 2018.

	Governmental Activities		Business-type Activities		Total	
	2019	2018 (Restated)	2019	2018	2019	2018
Current and other assets	\$ 124,781,876	\$ 117,358,973	\$ (2,572,791)	\$ (3,881,728)	\$ 122,209,085	\$ 113,477,245
Capital assets(net)	210,383,094	200,810,975	10,530,086	10,990,976	220,913,180	211,801,951
Total assets	335,164,970	318,169,948	7,957,295	7,109,248	343,122,265	325,279,196
Long-term liabilities outstanding	8,216,999	8,799,267	62,975	51,771	8,279,974	8,851,038
Other liabilities	7,995,461	10,398,532	249,675	464,152	8,245,136	10,862,684
Total liabilities	16,212,460	19,197,799	312,650	515,923	16,525,110	19,713,722
Deferred inflows	5,680,199	5,089,011	-	-	5,680,199	5,089,011
Net Position:						
Invested in capital assets, net of related debt	202,668,094	191,797,283	3,685,299	3,773,485	206,353,393	195,570,768
Restricted	3,729,416	4,029,837	95,000	95,000	3,824,416	4,124,837
Unrestricted	106,874,803	97,881,038	3,864,346	2,724,840	110,739,149	100,605,878
Total net position	\$ 313,272,313	\$ 293,708,158	\$ 7,644,645	\$ 6,593,325	\$ 320,916,958	\$ 300,301,483

The Town's current assets from governmental activities and capital assets increased mainly due to an increase in cash and investments and an investment in capital assets. Major construction projects during 2019 included the reconstruction of Bridge Road Bridge, the construction of an offsite secondary data center at the West Vail Fire Station, a weather shelter at Ford Park fields, continued Gore Creek water quality improvements, completion of improvements at the East Vail Interchange, major repairs and improvements to the fountain at Slifer Square Plaza and the enhancement of parking space management system at the new Red Sandstone parking structure.

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, respectively.

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

Overview of the Financial Statements (continued)

The chart below provides financial information from the Town's Statement of Activities for the years 2019 and 2018.

Town of Vail's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program Revenue						
Charges for services	\$ 11,989,923	\$ 12,077,438	\$ 3,760,862	\$ 3,544,349	\$ 15,750,785	\$ 15,621,787
Operating grants	2,101,474	9,950,445	816,452	1,195,187	2,917,926	11,145,632
Capital grants	1,237,015	870,712	-	-	1,237,015	870,712
General Revenue						
Property and ownership tax	11,200,165	10,798,164	-	-	11,200,165	10,798,164
Sales and lodging tax	36,752,908	36,317,638	-	-	36,752,908	36,317,638
Other taxes	13,867,113	13,942,069	-	-	13,867,113	13,942,069
Interest and other revenue	5,035,965	2,357,455	93,204	47,592	5,129,169	2,405,047
Total Revenue	82,184,563	86,313,921	4,670,518	4,787,128	86,855,081	91,101,049
Expenses:						
General government	9,149,615	7,883,434	-	-	9,149,615	7,883,434
Public safety	12,306,909	11,825,254	2,664,551	2,561,192	14,971,460	14,386,446
Public works and transportation	22,714,499	21,947,104	-	-	22,714,499	21,947,104
Culture and recreation	9,668,125	10,547,405	-	-	9,668,125	10,547,405
Economic development	8,281,002	7,588,736	-	-	8,281,002	7,588,736
Housing	-	-	954,647	982,222	954,647	982,222
Interest	500,258	526,383	-	-	500,258	526,383
Total Expenses	62,620,408	60,318,316	3,619,198	3,543,414	66,239,606	63,861,730
Change in Net Position	19,564,155	25,995,605	1,051,320	1,243,714	20,615,475	27,239,319
Net Position January 1	293,253,516	267,257,911	6,593,327	5,349,613	299,846,843	272,607,524
Restatement	454,642	-	-	-	454,642	-
Net Position January 1 (Restated)	293,708,158	261,102,264	6,593,327	5,349,613	300,301,485	266,451,877
Net Position December 31	\$ 313,272,313	\$ 293,253,516	\$ 7,644,647	\$ 6,593,327	\$ 320,916,960	\$ 299,846,843

Governmental Activities: Governmental activities increased the Town's net position by \$19,564,155. The following items represent other significant governmental activities during 2019:

- An increase in sales tax collections of 4.7% or \$1,313,437 was attributable to increased winter visitation from strong winter conditions in early 2019 through the end of the ski season in April. Heavy snowfall in December also contributed to increased sales tax growth while the summer season (May through October) leveled off as compared to prior years.
- Lodging tax was also impacted by strong winter conditions and increased \$222,449 or 6.4%.
- Construction use tax in 2019 decreased by 33%, or \$1,221,203 mainly due to the expansion of Vail Health that increased 2018 collections.
- Lift tax increased 4.7% or \$237,889 over prior year due to increased skier visitation
- Parking revenue was also positively impacted by the snowfall in 2019 with revenues up 4.8%, or \$304,860 over prior year.
- County sales tax collections increased \$111,608 or 12% over the prior year
- Long-term liabilities were reduced by \$555,000 through principal repayments.
- Investment earnings increased by 1.3M, nearly double the prior year.

Overview of the Financial Statements (continued)

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

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$105,409,660 an increase of \$7,692,183 from the prior year's ending fund balances primarily due to increased sales tax collections and parking sales combined with a reduction in large construction projects in the Capital Project and Real Estate Transfer Tax funds as compared to the prior year. The following details ending fund balances for the past five years:

Fund	2015	2016	2017	2018	2019
General Fund	\$23,622,509	\$27,300,260	\$29,289,331	\$33,888,140	\$36,306,665
Capital Projects Fund	40,542,297	44,836,870	32,761,887	46,845,813	50,099,177
Real Estate Transfer Tax	17,797,519	11,256,285	11,142,914	12,957,553	14,684,013
Vail Marketing Fund	203,263	259,452	323,606	303,241	386,835
Vail Local Marketing District	1,552,198	1,590,734	1,260,297	1,270,453	1,350,108
Vail Reinvestment Authority	5,443,901	4,312,149	3,064,772	2,259,307	2,582,892
Total	<u>\$75,823,574</u>	<u>\$89,161,687</u>	<u>\$89,555,750</u>	<u>\$97,524,507</u>	<u>\$105,409,690</u>

The Town's reserves continue to be strong allowing for the cash funding on many recent capital projects. During 2015 the General Fund continued to see large increases in reserves of \$3.9M due to increases in sales tax collections, construction activity, parking, and lift tax. In 2016, the General Fund balance increased by \$3.7M from prior year in part due to increases in sales tax, parking revenue, property taxes, and lift tax. Expenditure savings of \$2.4M also contributed to the increase in reserves. In 2017, the General Fund reserves increased by \$2.0M 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 primarily due an increase in sales tax collections, revenues related to construction activity, as well as expenditure savings due to staffing vacancies and department operations savings.

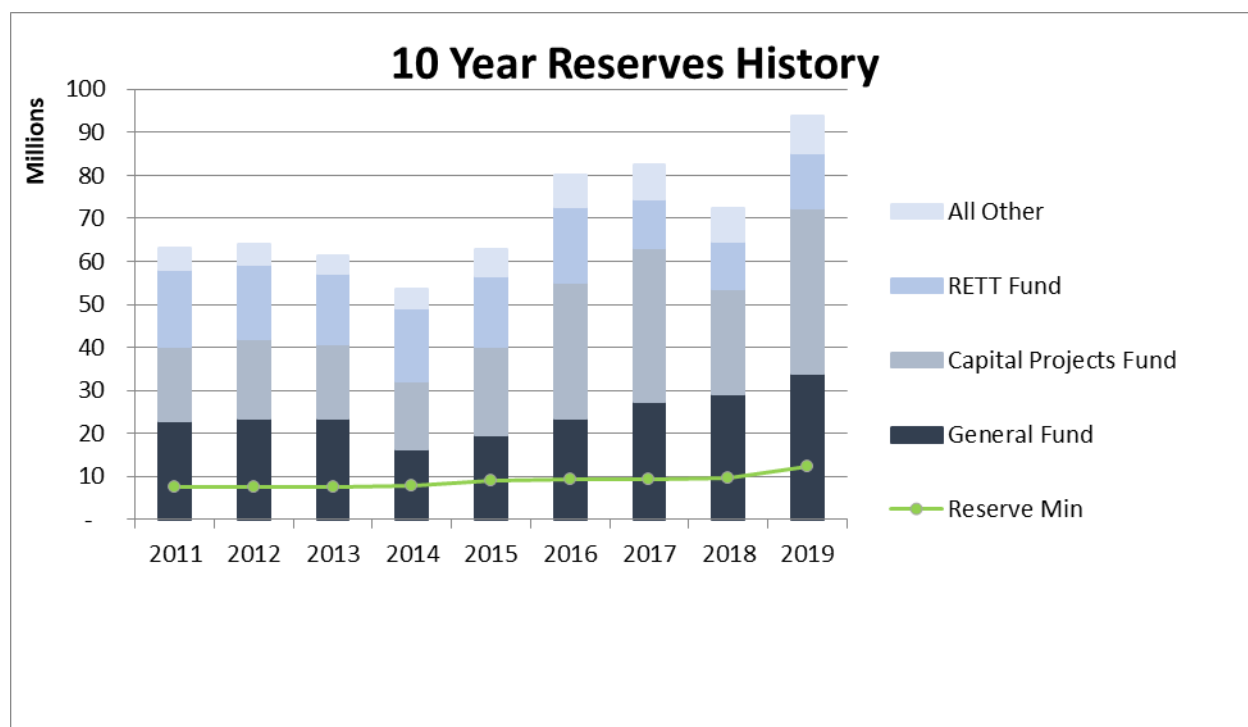
During 2019, General Fund reserves increased by \$2.4M. This was primarily due to an increase in sales tax collections, parking sales, lift tax collections as well as expenditures savings due to vacancies. Overall sales tax collections of \$29.5M were up 4.7%. 2019 started off strong with double digit growth in January of 13.4% as compared to 2018. Sales tax continued to see increases through the end of the 2018-2019 winter season with February up 8.3% and a combined March and April up 5.2% from prior year. These increases were partially offset with a leveling off of summer with May and June experiencing declines of 8.0% and 2.6%, respectively. However, October rebounded with a 10.0% increase from prior year. Moving into the 2019-2020 winter season a continued emphasis on events contributed to added vitality in December with a 5.0% increase from 2018. Strong winter conditions also contributed to record parking sales of \$6.7M and lift tax collections of \$5.3M, up 4.8% and 4.7% from prior year. Reserve levels in the Capital Projects Fund and Real Estate Transfer Tax Funds normally fluctuate due to the timing and phases of major projects. In 2019 the Capital Projects Fund increased \$3.3M mainly due to increased sales tax collections (\$672K) and \$1.6M from the sale of property. Revenues were offset by capital project expenditures totaling \$20.3M. Reserves in the Real Estate Transfer Fund also increased by

Financial Analysis of the Town's Funds (continued)

\$1.7M. RETT collections totaled \$7.2M and were offset by \$3.5M in cash funded projects and operating expenditures of \$3.0M.

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 \$5.8M in 2019, providing a funding mechanism for capital improvements within the district by covering annual debt service payments of \$555K 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, the Sandstone Underpass. The VRA also contributed to the Red Sandstone parking structure. 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 budget basis reserves at the end of 2019 were at \$95.8M, they are expected to decrease to \$83.7M in 2020 with current ongoing projects.



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

Capital Assets: The Town's government-wide capital assets, net of accumulated depreciation, increased by \$9,572,119 in 2019. Capital additions included an enhanced parking space management system at the Red Sandstone Parking garage, completion of improvements at the East Vail Interchange, major repairs and improvements to the fountain at Slifer Square Plaza the reconstruction of Bridge Rd. bridge, a weather shelter at Ford Park, and major structural repairs at both the Vail Village and Lionshead parking structures.

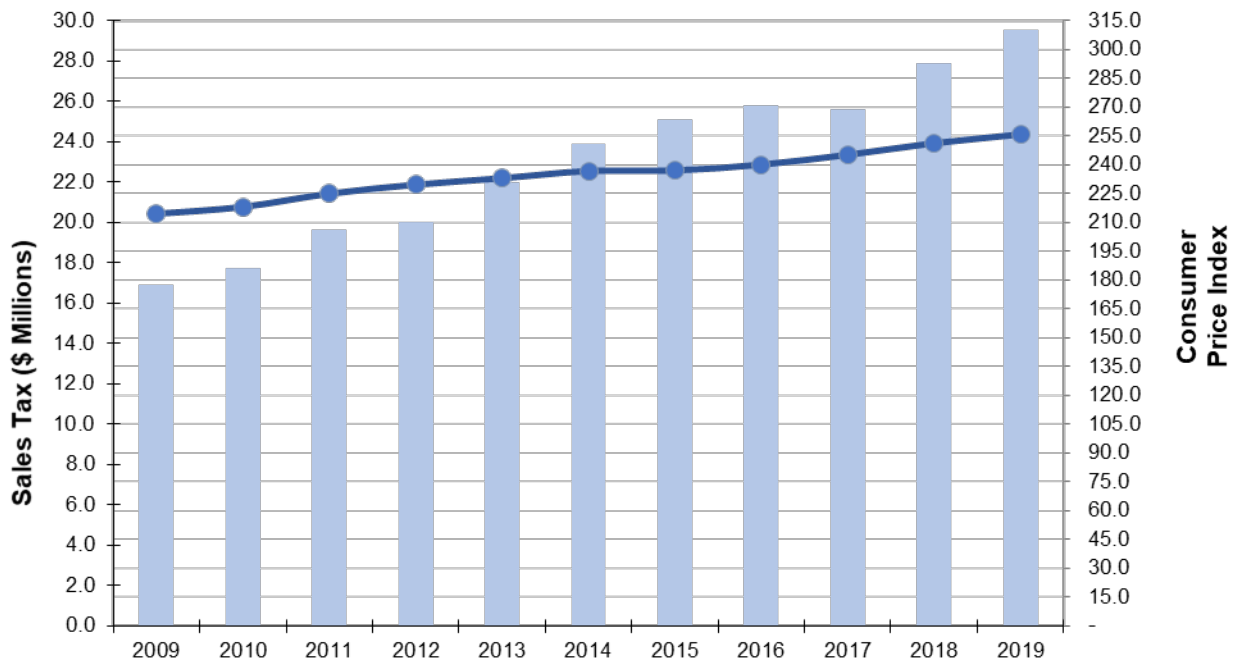
Financial Analysis of the Town's Funds (continued)

Capital Assets (continued): The town also invested \$2.5M in the town's Vail InDeed program and an addition \$4.7M in other country-wide deed restricted housing projects. These projects combined totaled 114 new deed restricted units for the community.

Long-term Debt: As of the end of the current fiscal year, the Vail Reinvestment Authority had \$7,715,000 of tax increment bonds outstanding, of which \$575,000 of bond principal is due within one year. Additional information regarding the Authority's debt can be found in the Notes to the Financial Statements in footnote IV.G of this report.

Sales Tax: During 2019, 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.

Sales Tax Compared with Inflation



Next Year's Budget and Rates: The Town's General Fund balance at the end of the current fiscal year was \$36,306,665, representing 83% of annual revenue compared to Town Council's directive of a minimum of 35%.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	94,346,090	1,896,648	96,242,738
Unrestricted cash and investments	6,084,753	2,066,522	8,151,275
Cash - Restricted	1,781,779	90,084	1,871,863
Receivables (net of allowance for uncollectible accounts):			
Property taxes assessed	5,680,199	-	5,680,199
Other taxes	6,652,234	-	6,652,234
Other governments	288,614	-	288,614
Other	608,904	304,008	912,912
Inventory	290,686	-	290,686
Prepaid expenses	317,472	212	317,684
Interest receivable	36,540	-	36,540
Internal balances	7,744,787	(7,744,787)	-
Rent receivable	-	814,522	814,522
Loans receivable:			
Collectible in more than one year	949,818	-	949,818
Capital assets not being depreciated	62,275,474	4,399,500	66,674,974
Capital assets being depreciated, net of accumulated depreciation	148,107,620	6,130,586	154,238,206
Total Assets	335,164,970	7,957,295	343,122,265
Liabilities:			
Accounts payable	3,017,361	64,290	3,081,651
Due to other governments	182,610	-	182,610
Retainage payable	339,984	-	339,984
Accrued salaries and wages	807,049	31,477	838,526
Interest payable	40,113	36,530	76,643
Other unearned revenue	2,056,616	86	2,056,702
Deposits payable	518,632	90,302	608,934
Compensated absences:			
Due within one year	460,528	26,990	487,518
Due in more than one year	1,074,565	62,975	1,137,540
Bonds payable:			
Due within one year	575,000	-	575,000
Due in more than one year	7,140,000	-	7,140,000
Total Liabilities	16,212,458	312,650	16,525,108
Deferred Inflow of Resources:			
Unavailable property taxes	5,680,199	-	5,680,199
Total Deferred Inflow of Resources	5,680,199	-	5,680,199
Net Position:			
Net investment in capital assets	202,668,094	3,685,299	206,353,393
Restricted for:			
Emergencies	2,347,300	-	2,347,300
Other purposes	1,382,116	-	1,382,116
Unrestricted	106,874,803	3,959,346	110,834,149
Total Net Position	313,272,313	7,644,645	320,916,958

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

Town of Vail, Colorado
Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:	Expenses						
General government	9,149,615	3,839,594	1,338,643	2,241	(3,969,137)		(3,969,137)
Public safety	12,306,909	259,408	-	-	(12,047,501)		(12,047,501)
Public work and transportation	22,714,499	7,281,233	501,985	1,069,898	(13,861,383)		(13,861,383)
Culture and recreation	9,668,125	268,539	260,846	-	(9,138,740)		(9,138,740)
Economic development	8,281,002	341,149	-	164,876	(7,774,977)		(7,774,977)
Interest on long-term debt	500,258	-	-	-	(500,258)		(500,258)
Total Governmental Activities	62,620,408	11,989,923	2,101,474	1,237,015	(47,291,996)		(47,291,996)
Business-type Activities:							
Dispatch services	2,664,551	2,012,222	816,452	-		164,123	164,123
Housing (Timber Ridge)	954,647	1,748,640	-	-		793,993	793,993
Total Business-type Activities	3,619,198	3,760,862	816,452	-		958,116	958,116
Totals	66,239,606	15,750,785	2,917,926	1,237,015	(47,291,996)	958,116	(46,333,880)
General Revenues:							
Taxes:							
					33,041,170	-	33,041,170
					7,224,668	-	7,224,668
					3,711,738	-	3,711,738
					11,200,165	-	11,200,165
					5,341,369	-	5,341,369
					1,238,740	-	1,238,740
					62,336	-	62,336
					2,280,211	52,056	2,332,267
					1,303,769	-	1,303,769
					1,451,985	41,148	1,493,133
					66,856,151	93,204	66,949,355
Total General Revenues and Transfers							
Change in Net Position					19,564,155	1,051,320	20,615,475
Net Position - January 1 (Restated)					293,708,158	6,593,325	300,301,483
Net Position - December 31					313,272,313	7,644,645	320,916,958

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

FUND FINANCIAL STATEMENTS

Town of Vail, Colorado
Balance Sheet
Governmental Funds
December 31, 2019

	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	30,708,824	14,929,870	633,974	-	-	41,427,034	87,699,702
Cash and cash equivalents - Unrestricted	13,692	-	-	864,642	5,206,419	-	6,084,753
Cash and cash equivalents - Restricted	-	-	-	-	1,295,608	-	1,295,608
Receivables, net of allowance for uncollectible accounts:							
Property taxes assessed	5,680,199	-	-	-	-	-	5,680,199
Other taxes	5,648,704	193,896	-	809,634	-	-	6,652,234
Other governments	270,601	9,665	-	-	-	114,002	394,268
Other	429,470	11,720	4,600	-	-	135,222	581,012
Due from other funds	-	-	-	-	-	3,804,281	3,804,281
Loans receivable	949,818	-	-	-	-	7,744,787	8,694,605
Prepaid expenses	172,071	8,485	-	82,077	-	54,339	316,972
Total Assets	43,873,379	15,153,636	638,574	1,756,353	6,502,027	53,279,665	121,203,634
Liabilities and Fund Equity:							
Liabilities:							
Accounts payable	443,800	222,917	178,835	406,245	114,853	1,164,204	2,530,854
Due to other governments	62,713	119,342	-	-	-	555	182,610
Due to other funds	-	-	-	-	3,804,282	-	3,804,282
Retainage payable	-	8,623	-	-	-	331,361	339,984
Accrued payroll and related liabilities	680,767	-	-	-	-	-	680,767
Unearned revenue	180,603	118,741	72,904	-	-	1,684,368	2,056,616
Deposits payable	518,632	-	-	-	-	-	518,632
Total Liabilities	1,886,515	469,623	251,739	406,245	3,919,135	3,180,488	10,113,745
Deferred Inflows of Resources:							
Property taxes	5,680,199	-	-	-	-	-	5,680,199
Total Deferred Inflows of Resources	5,680,199	-	-	-	-	-	5,680,199
Fund Balances:							
Non-spendable	1,121,889	8,485	-	82,077	-	7,799,126	9,011,577
Restricted	2,330,132	-	-	112,000	1,287,284	-	3,729,416
Committed	10,857,069	14,675,528	386,835	1,156,031	-	37,074,624	64,150,087
Assigned	-	-	-	-	1,295,608	5,225,427	6,521,035
Unassigned	21,997,575	-	-	-	-	-	21,997,575
Total Fund Balances	36,306,665	14,684,013	386,835	1,350,108	2,582,892	50,099,177	105,409,690
Total Liabilities and Fund Balances	43,873,379	15,153,636	638,574	1,756,353	6,502,027	53,279,665	

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.	205,146,027
Other long-term assets and unearned charges are not available for current period expenditures and, therefore, are not reported in the funds.	522,711
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.	11,537,794
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.	<u>(9,343,909)</u>
Net Position of Governmental Activities	<u>313,272,313</u>

Town of Vail, Colorado
Statement of Revenues, Expenditures Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	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	28,702,284	7,224,668	-	3,711,738	5,825,058	15,264,501	60,728,249
Permits and licenses	2,207,918	-	341,149	-	-	461,556	3,010,623
Intergovernmental revenue	2,297,869	154,831	-	-	-	1,033,727	3,486,427
Charges for services	9,216,320	241,061	-	-	-	163,909	9,621,290
Investment income	866,059	298,861	1,392	2,631	3,793	970,269	2,143,005
Interest subsidy	-	-	-	-	164,876	-	164,876
Miscellaneous	377,097	308,806	-	-	-	327,213	1,013,116
Total Revenues	43,667,547	8,228,227	342,541	3,714,369	5,993,727	18,221,175	80,167,586
Expenditures:							
General government	8,774,094	-	-	-	-	-	8,774,094
Public safety	11,373,011	283,380	-	-	-	-	11,656,391
Public works and transportation	16,143,921	3,486,942	-	-	-	19,574,164	39,205,027
Culture and recreation	1,362,391	2,773,559	-	-	-	-	4,135,950
Economic development	1,023,836	-	2,801,735	3,634,714	809,429	-	8,269,714
Debt service:							
Principal	-	-	-	-	555,000	743,692	1,298,692
Interest	-	-	-	-	501,432	1,236	502,668
Total Expenditures	38,677,253	6,543,881	2,801,735	3,634,714	1,865,861	20,319,092	73,842,536
Excess (Deficiency) of Revenues Over Expenditures	4,990,294	1,684,346	(2,459,194)	79,655	4,127,866	(2,097,917)	6,325,050
Other Financing Sources (Uses):							
Sale of assets	-	-	-	-	-	1,547,000	1,547,000
Transfers in	-	24,114	2,542,788	-	-	3,804,281	6,371,183
Transfers (out)	(2,571,769)	-	-	-	(3,804,281)	-	(6,376,050)
Total Other Financing Sources (Uses)	(2,571,769)	24,114	2,542,788	-	(3,804,281)	5,351,281	1,542,133
Net Change in Fund Balances	2,418,525	1,708,460	83,594	79,655	323,585	3,253,364	7,867,183
Fund Balances - January 1 (Restated)	33,888,140	12,975,553	303,241	1,270,453	2,259,307	46,845,813	97,542,507
Fund Balances - December 31	36,306,665	14,684,013	386,835	1,350,108	2,582,892	50,099,177	105,409,690

Net Change in Fund Balances of Governmental Funds 7,867,183

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. 9,603,986

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. 922,046

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. 1,298,691

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (57,716)

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. (70,035)

Change in Net Position of Governmental Activities 19,564,155

Town of Vail, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2019

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	
Assets:				
Current Assets:				
Equity in pooled cash and investments	-	1,896,648	1,896,648	6,646,388
Cash and cash equivalents - Unrestricted	2,066,522	-	2,066,522	-
Accounts receivable, net of allowance for uncollectibles	1,192	302,816	304,008	27,892
Inventory	-	-	-	290,686
Prepaid expenses	212	-	212	500
Total Current Assets	2,067,926	2,199,464	4,267,390	6,965,466
Non-current Assets:				
Cash and cash equivalents - Restricted	90,084	-	90,084	-
Rent receivable	814,522	-	814,522	-
Property, plant, and equipment, net of accumulated depreciation	9,664,862	865,224	10,530,086	5,237,064
Total Non-current Assets	10,569,468	865,224	11,434,692	5,237,064
Total Assets	12,637,394	3,064,688	15,702,082	12,202,530
Liabilities:				
Current Liabilities:				
Accounts payable	51,828	12,462	64,290	592,157
Deposits payable	90,302	-	90,302	-
Unearned revenue	86	-	86	-
Accrued interest payable	36,530	-	36,530	-
Accrued salaries and wages	-	31,477	31,477	20,282
Current portion of compensated absences	-	26,990	26,990	15,689
Total Current Liabilities	178,746	70,929	249,675	628,128
Non-current Liabilities:				
Notes payable	7,744,787	-	7,744,787	-
Compensated absences, net of current portion	-	62,975	62,975	36,608
Total Non-current Liabilities	7,744,787	62,975	7,807,762	36,608
Total Liabilities	7,923,533	133,904	8,057,437	664,736
Net Position:				
Net investment in capital assets	2,820,075	865,224	3,685,299	5,237,064
Unrestricted	1,893,786	2,065,560	3,959,346	6,300,730
Total Net Position	4,713,861	2,930,784	7,644,645	11,537,794

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, 2019

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Fund - Timber Ridge	Enterprise Fund - Dispatch Services Fund	TOTAL	
Operating Revenues:				
Charges for services - Internal	-	669,590	669,590	7,752,594
Charges for services - External	-	1,342,632	1,342,632	882,844
Rent	1,593,491	-	1,593,491	-
Ground lease	155,149	-	155,149	-
Insurance reimbursements	-	-	-	37,993
Other	25,398	-	25,398	16,396
Total Operating Revenues	1,774,038	2,012,222	3,786,260	8,689,827
Operating Expenses:				
Operations	490,895	2,536,773	3,027,668	2,605,145
Health claims and premiums	-	-	-	4,698,045
Depreciation	347,114	127,778	474,892	794,078
Total Operating Expenses	838,009	2,664,551	3,502,560	8,097,268
Operating Income (Loss)	936,029	(652,329)	283,700	592,559
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	-	816,452	816,452	-
Gain (loss) on disposal of assets	-	-	-	79,484
Investment income	19,790	32,266	52,056	139,525
Interest expense	(116,638)	-	(116,638)	-
Total Non-Operating Revenues (Expenses)	(96,848)	848,718	751,870	219,009
Income (Loss) Before Transfers and Capital Contributions	839,181	196,389	1,035,570	811,568
Transfers, Net	-	15,750	15,750	4,867
Capital Contributions, Net	-	-	-	105,611
Change in Net Position	839,181	212,139	1,051,320	922,046
Net Position - January 1	3,874,680	2,718,645	6,593,325	10,615,748
Net Position - December 31	4,713,861	2,930,784	7,644,645	11,537,794

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, 2019

	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	-	685,340	685,340	7,752,594
Cash received from tenants for rent	1,593,143	-	1,593,143	-
Cash received from (refunded to) tenants for security deposits, net	6,755	-	6,755	-
Other cash receipts	32,914	1,039,895	1,072,809	995,442
Cash paid for goods and services	(480,987)	(678,228)	(1,159,215)	(6,233,921)
Cash paid to employees	-	(2,075,754)	(2,075,754)	(1,111,789)
Net Cash Provided (Used) by Operating Activities	1,151,825	(1,028,748)	123,078	1,402,326
Cash Flows From Non-Capital Financing Activities:				
Transfer from (to) other funds	(372,704)	-	(372,704)	4,867
Cash received from operating grants	-	816,452	816,452	-
Net Cash Provided by Non-Capital Financing Activities	(372,704)	816,452	443,748	4,867
Cash Flows From Capital and Related Financing Activities:				
Cash received on disposal of fixed assets	-	-	-	100,467
Interest paid	(118,967)	-	(118,967)	-
Acquisition and construction of capital assets	(14,002)	-	(14,002)	(677,581)
Net Cash (Used) by Capital and Related Financing Activities	(132,969)	-	(132,969)	(577,114)
Cash Flows From Investing Activities:				
Interest on investments	19,790	32,266	52,056	139,525
Net Cash Provided by Investing Activities	19,790	32,266	52,056	139,525
Net Increase (Decrease) in Cash and Cash Equivalents	665,942	(180,030)	485,913	969,604
Cash and Cash Equivalents - January 1	1,490,664	2,076,677	3,567,341	5,676,784
Cash and Cash Equivalents - December 31	2,156,606	1,896,648	4,053,254	6,646,388
Cash and Cash Equivalents at December 31 is Comprised of:				
Equity in pooled cash and investments	-	1,896,648	1,896,648	6,646,388
Cash and cash equivalents - Unrestricted	2,066,522	-	2,066,522	-
Cash and cash equivalents - Restricted	90,084	-	90,084	-
Total - Cash and Cash Equivalents	2,156,606	1,896,648	4,053,254	6,646,388
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income/(Loss)	936,029	(636,579)	299,450	592,559
Adjustments:				
Depreciation	347,114	127,778	474,892	794,078
(Increase) decrease in accounts receivable	7,516	(302,738)	(295,222)	58,209
(Increase) decrease in rent receivable	(155,149)	-	(155,149)	-
(Increase) decrease in inventory	-	-	-	(38,458)
(Increase) decrease in prepaid expenses	50	-	50	-
Increase (decrease) in accounts payable	9,858	(228,072)	(218,214)	(15,055)
Increase (decrease) in tenant security deposits	6,755	-	6,755	-
Increase (decrease) in prepaid rent	(348)	-	(348)	-
Increases (decreases) in accrued wages and benefits	-	10,863	10,863	10,993
Total Adjustments	215,796	(392,169)	(176,373)	809,767
Net Cash Provided (Used) by Operating Activities	1,151,825	(1,028,748)	123,078	1,402,326
Schedule of Non-cash Investing, Capital and Financing Activities:				
Assets contributed by Capital Projects Fund	-	-	-	105,611

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

Town of Vail, Colorado
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2019

	Pension Trust	Deferred Compensation Plan
Assets:		
Cash and investments - Restricted	77,884,064	19,839,768
Loans to participants	510,455	-
Total Assets	<u>78,394,519</u>	<u>19,839,768</u>
Net Position:		
Held in trust for pension benefits and other purposes	<u>78,394,519</u>	<u>19,839,768</u>
Total Net Position	<u><u>78,394,519</u></u>	<u><u>19,839,768</u></u>

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

Town of Vail, Colorado
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019

	Pension Trust	Deferred Compensation Plan
Additions:		
Contributions	3,954,921	1,399,797
Investment income (loss)	12,753,516	3,134,922
Total Additions	<u>16,708,437</u>	<u>4,534,719</u>
Deductions:		
Professional fees	92,459	19,476
Benefits paid	4,800,296	690,423
Total Deductions	<u>4,892,755</u>	<u>709,899</u>
Change in Net Position	11,815,682	3,824,820
Net Position - January 1	<u>66,578,837</u>	<u>16,014,948</u>
Net Position - December 31	<u><u>78,394,519</u></u>	<u><u>19,839,768</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

1. Vail Local Marketing District

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

2. Vail Reinvestment Authority

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

3. Town of Vail General Improvement District No. 1

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

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

As of December 31, 2019, the District had not begun operations or imposed a mill levy, resulting in no financial statements to be reported.

B. Government-wide and Fund Financial Statements

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

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

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

Additionally, the Town reports the following fund types:

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's enterprise funds are rents from individuals employed in the Town and charges for services related to emergency dispatch. Operating expenses for the enterprise fund includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts 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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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 the acquisition value as of the date received.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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.

9. Deferred Outflows and Inflows of Resources

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

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

10. Bond Premiums and Discounts

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

11. Unearned Revenue

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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 Estate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund
Non-spendable:						
Non-current receivables	949,818	-	-	-	-	-
Loans to other funds	-	-	-	-	-	7,744,787
Prepaid items	172,071	8,485	-	82,077	-	54,339
Total Non-spendable	1,121,889	8,485	-	82,077	-	7,799,126
Restricted:						
Emergency reserve	2,235,300	-	-	112,000	-	-
Police Funds	94,832	-	-	-	-	-
Tax increment financing	-	-	-	-	1,287,284	-
Total Restricted	2,330,132	-	-	112,000	1,287,284	-
Committed:						
Employees housing ownership program	59,818	-	-	-	-	-
Capital projects	-	-	-	-	-	36,653,592
Parks and recreation	-	14,675,528	-	-	-	-
Housing	-	-	-	-	-	421,032
Operating reserve	10,797,251	-	-	-	-	-
Destination marketing	-	-	386,835	1,156,031	-	-
Total Committed	10,857,069	14,675,528	386,835	1,156,031	-	37,074,624
Assigned:						
Capital maintenance	-	-	-	-	-	5,225,427
Debt service	-	-	-	-	1,295,608	-
Total Assigned	-	-	-	-	1,295,608	5,225,427

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

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

3. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes a 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 \$205,146,027 difference is related to property, plant and equipment of \$366,663,200 less accumulated depreciation of \$161,517,173.

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 \$552,711 difference is comprised of pension forfeitures of \$486,171 and interest receivable of \$36,540.

Net position totaling \$11,537,794 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 \$9,343,909 difference is related to bonds and notes payable of \$7,715,000; accrued compensated absences of \$1,482,796; retirement bonus payable of \$106,000; and interest payable of \$40,113.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net change in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The details of this \$9,603,986 difference are comprised of capital outlay of \$19,653,402 less depreciation expense of \$9,726,701; and net book value of disposed assets of \$322,715.

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	\$ 220,106	\$ 799,589	\$ 355,923
add/(less):			
Contribution from Capital Projects Fund	105,611	-	-
Loan principal repayment to Capital Projects Fund	-	372,704	-
Change in compensated absences	(6,249)	-	(16,006)
Capitalized assets	783,193	14,002	-
Depreciation	(794,078)	(347,114)	(127,778)
Net book value of disposed assets	(20,982)	-	-
Change in Net Position - GAAP Basis	<u>\$ 287,601</u>	<u>\$ 839,181</u>	<u>\$ 212,139</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The Town followed these procedures in preparing, approving, and enacting its budget for 2019:

- (1) For the 2019 budget year, prior to August 25, 2018, 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 2018 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2018, 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 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. 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 2019:

- (1) On or before September 30, 2018, 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 18, 2018.
- (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, 2018. The Board adopted the 2019 budget on November 18, 2018.
- (3) After adoption of the initial budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information – Vail Local Marketing District

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

C. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved a portion of the December 31, 2019 fund balance in the General Fund for this purpose in the amount of \$2,235,000, which is the approximate required reserve.

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

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

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

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

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

D. TABOR Amendment – Vail Local Marketing District

As required by TABOR, the District has reserved \$112,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2019.

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 \$13,494,530. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2019.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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, 2019, the Town had the following recurring fair value measurements:

Investments Measured at Fair Value:	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of Deposit	\$ 9,351,441	\$ -	\$ 9,351,441	\$ -
Government Agency Securities	15,751,811	-	15,751,811	-
Mortgage Pools	11,542,737	-	-	11,542,737
Total	<u>\$ 36,645,989</u>	<u>\$ -</u>	<u>\$ 25,103,252</u>	<u>\$ 11,542,737</u>
Investments Measured at Net Asset Value:				
Colotrust	<u>\$ 46,026,257</u>			

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

U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active; Negotiable Certificates of Deposit: Matrix pricing based on the securities relationship to benchmark quoted prices;

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

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

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:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Colotrust	AAAm	44%

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

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Value</u>
Deposits:			
Cash on hand			\$ 1,980
Demand deposits			23,081,186
Certificates of deposit		<1 year	2,868,955
Certificates of deposit		<5 years	6,482,486
Total deposits			<u>\$ 32,434,607</u>
Investments:			
US agencies - FHLMC, FHLB, FNMA	AA+	<5 years	\$ 15,751,811
Mortgage pools	AA+	N/A	11,542,737
Colotrust	AAAm	N/A	46,026,257
Pension and Section 457 investments	N/A	N/A	98,234,297
Total investments			<u>171,555,102</u>
Total deposits and investments			<u><u>\$ 203,989,708</u></u>
Reconciliation to Statement of Net Position:			
Equity in pooled cash and investments			\$ 96,242,738
Cash and cash equivalents - Unrestricted			8,151,275
Cash and cash equivalents - Restricted			1,871,863
Fiduciary Funds			97,723,832
Total			<u><u>\$ 203,989,708</u></u>

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

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

	General Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Vail Marketing Fund	Vail Local Marketing District
Receivables:					
Property taxes	\$ 5,680,199	\$ -	\$ -	\$ -	\$ -
Other taxes	5,648,704	-	193,896	-	809,634
Other governments	270,601	114,002	9,665	-	-
Other	429,470	135,222	11,720	4,600	-
Gross Receivables	12,028,974	249,224	215,281	4,600	809,634
Less: Allowance for uncollectibles	(1,000)	-	-	-	-
Net Receivables	\$ 12,027,974	\$ 249,224	\$ 215,281	\$ 4,600	\$ 809,634

	Timber Ridge	Vail Rein- vestment Authority	Heavy Equip- ment Fund	Dispatch Services Fund	Health Insurance Fund	Total
Receivables:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,680,199
Other taxes	-	-	-	-	-	6,652,234
Other governments	-	-	-	-	-	394,268
Other	1,192	-	22,807	302,816	5,085	912,912
Gross Receivables	1,192	-	22,807	302,816	5,085	13,639,613
Less: Allowance for uncollectibles	-	-	-	-	-	(1,000)
Net Receivables	\$ 1,192	\$ -	\$ 22,807	\$ 302,816	\$ 5,085	\$ 13,638,613

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Total unearned revenue for governmental activities totaled \$2,056,616 and is comprised of the following:

	General Fund	Vail Marketing Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Total
Unearned revenues:					
Business Licenses	\$ -	\$ 72,904	\$ -	\$ -	\$ 72,904
Art projects	-	-	-	37,544	37,544
Environmental programs	-	-	-	71,012	71,012
Library grants	117,036	-	-	-	117,036
Police programs	63,567	-	-	-	63,567
Construction projects	-	-	1,684,368	10,185	1,694,553
	\$ 180,603	\$ 72,904	\$ 1,684,368	\$ 118,741	\$ 2,056,616

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Unearned revenue for construction projects in the Capital Projects Fund includes \$829,068 collected from Holy Cross Energy for community enhancement to place utilities underground. The other \$855,300 was collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

Loans receivable at December 31, 2019 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, 2019 was \$949,818.

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Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,236,380	\$ -	\$ -	\$ 25,236,380
Art	2,632,725	380,139	-	3,012,864
Construction in Process	16,722,514	5,190,374	(779,585)	21,133,303
Intangibles	5,678,911	7,214,016	-	12,892,927
Total Capital Assets, Not Being Depreciated	<u>50,270,530</u>	<u>12,784,529</u>	<u>(779,585)</u>	<u>62,275,474</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	113,878,874	650,083	(600,000)	113,928,957
Infrastructure and improvements	149,761,188	6,274,884	-	156,036,072
Equipment and vehicles	47,298,201	1,336,258	(523,129)	48,111,330
Total Capital Assets Being Depreciated	<u>310,938,263</u>	<u>8,261,225</u>	<u>(1,123,129)</u>	<u>318,076,359</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(58,341,554)	(2,702,393)	453,750	(60,590,197)
Infrastructure and improvements	(74,745,429)	(4,859,006)	-	(79,604,435)
Equipment and vehicles	(27,310,835)	(2,959,445)	496,173	(29,774,107)
Total Accumulated Depreciation	<u>(160,397,818)</u>	<u>(10,520,844)</u>	<u>949,923</u>	<u>(169,968,739)</u>
Total Capital Assets Being Depreciated, Net	<u>150,540,445</u>	<u>(2,259,619)</u>	<u>(173,206)</u>	<u>148,107,620</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 200,810,975</u></u>	<u><u>\$ 10,524,910</u></u>	<u><u>\$ (952,791)</u></u>	<u><u>\$ 210,383,094</u></u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,399,500	\$ -	\$ -	\$ 4,399,500
Total Capital Assets, Not Being Depreciated	<u>4,399,500</u>	<u>-</u>	<u>-</u>	<u>4,399,500</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	9,038,439	-	-	9,038,439
Infrastructure and improvements	861,915	14,002	-	875,917
Equipment	2,910,328	-	(345,754)	2,564,574
Total Capital Assets Being Depreciated	<u>12,810,682</u>	<u>14,002</u>	<u>(345,754)</u>	<u>12,478,930</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4,120,629)	(301,460)	-	(4,422,089)
Infrastructure and improvements	(181,442)	(45,463)	-	(226,905)
Equipment	(1,917,135)	(127,969)	345,754	(1,699,350)
Total Accumulated Depreciation	<u>(6,219,206)</u>	<u>(474,892)</u>	<u>345,754</u>	<u>(6,348,344)</u>
Total Capital Assets Being Depreciated, Net	<u>6,591,476</u>	<u>(460,890)</u>	<u>-</u>	<u>6,130,586</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 10,990,976</u></u>	<u><u>\$ (460,890)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,530,086</u></u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

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

Governmental Activities:

General government	\$ 588,733
Public safety	489,325
Public works and transportation	7,233,218
Culture and recreation	2,209,568
Total Depreciation Expense - Governmental Activities	<u>\$ 10,520,844</u>

Business-type Activities:

Dispatch services	\$ 127,778
Housing	347,114
Total Depreciation - Business-type Activities	<u>\$ 474,892</u>

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

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

At December 31, 2019, the Town had \$71,778,395 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, 2019, the rent receivable accrued in the Timber Ridge Enterprise Fund was \$814,522. No payments are due from Lion's Ridge until 2025.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers

At December 31, 2019, Vail Reinvestment Authority owed the Capital Projects Fund \$3,804,281 in connection with construction projects within the Lionshead district, including the construction of the I-70 underpass and the Red Sandstone Parking Structure, and repairs to the Lionshead Parking Structure.

The following promissory notes payable from the Timber Ridge Enterprise Fund to the Town – which aggregate to \$7,744,787 as of December 31, 2019 – 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 2019.

\$900,000 of the proceeds were not used for capital acquisitions and therefore are excluded from the business-type calculation of net investment in fixed assets.

- 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 \$90,467 in interest to the Town during 2019 and, as of December 31, 2019, had accrued a total of \$36,530 in interest payable to the Town relating to the \$8 million note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	401,508	61,447	462,955
2025-2029	2,099,704	214,378	2,314,082
2030-2033	1,796,012	54,382	1,850,393
Totals	<u>\$ 5,844,789</u>	<u>\$ 634,899</u>	<u>\$ 6,479,688</u>

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Liabilities – Governmental Activities

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Liabilities – Compensated Absences

The Town has a policy allowing the accumulation of paid vacation and sick leave, subject to certain maximum limits. In accordance with GAAP, the Town's approximate liability for vacation pay earned by employees at December 31, 2019 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 \$3,985,936 at December 31, 2019 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, 2019.

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

Long-term liability activity for the year ended December 31, 2019 was as follows:

	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax-Increment Bonds, Series 2010B	\$ 8,270,000	\$ -	\$ (555,000)	\$ 7,715,000	\$ 575,000
Capital leases	743,692	-	(743,692)	-	-
Compensated absences	1,564,810	-	(29,717)	1,535,093	460,528
Total Governmental Activities					
Long-term Liabilities	<u>\$ 10,578,502</u>	<u>\$ -</u>	<u>\$ (1,328,409)</u>	<u>\$ 9,250,093</u>	<u>\$ 1,035,528</u>
Business-type Activities:					
Compensated absences	73,958	16,007	-	89,965	26,990
Total Business-type Activities					
Long-term Liabilities	<u>\$ 73,958</u>	<u>\$ 16,007</u>	<u>\$ -</u>	<u>\$ 89,965</u>	<u>\$ 26,990</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

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

Debt service requirements at December 31, 2019 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
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	665,000	324,058	989,058
2025-2029	3,770,000	931,209	4,701,209
2030	855,000	28,467	883,467
Total Governmental Activities	<u><u>\$ 7,715,000</u></u>	<u><u>2,959,253</u></u>	<u><u>10,674,253</u></u>

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

K. Long-term Liabilities – Capital Leases

In March 2017, the Town entered into a capital lease agreement for the purchase of a phone system. The total amount financed was \$121,272. The lease required annual payments of \$32,124 and was paid off in 2019.

In June 2018, the Town entered into a capital lease agreement for the purchase of server equipment for a new off-site data center. The total amount financed was \$1,425,605. The lease required annual payments of \$712,803 and was paid off in 2019.

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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds (continued)

L. Fund Balance Disclosures (continued)

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 35% of annual General Fund revenues.

V. Other Information

A. Pension Plans

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

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

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

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

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

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

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

The annual pension cost is the Town's contributions less forfeitures from the prior year. The plans' invested assets at December 31, 2019 of \$77,884,064 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 2019 covered payroll was \$22,497,817 of which \$18,803,156 was for permanent employees and \$3,694,661 was for seasonal staff. Total 2019 payroll for all Town employees was \$23,147,715.

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

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

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

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

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

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

The total assets of the 457 Plan were \$19,839,768 at December 31, 2019. 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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

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 2019:

	2019
Claims liability, beginning of year	\$ 545,000
Current year claims	3,524,914
Claims payments	<u>(3,567,754)</u>
Claims liability, end of year	<u>\$ 502,160</u>

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, 2019.

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, 2019.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

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

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

G Restatement of Net Position

The Town has restated the beginning balance of capital assets and current lease liabilities for government activities by \$1,342,444 and \$712,802 to reflect a data center server capital lease described in Note K. The Town has restated the beginning balance of the Real Estate Transfer Tax Fund by a decrease of \$175,000 to correct state grant revenue accrued in 2018. The beginning net position of the Town on the government-wide Statement of Activities has been restated by \$454,642 to reflect these changes.

H. Reclassified Prior Year Balances

Certain comparative amounts for fiscal year 2018 have been reclassified – with no effect on net position, fund balance, total assets, or total liabilities – to conform to the 2019 presentation.

I. Subsequent Event – COVID-19

The spread of COVID-19 may have operational, economic and financial impacts on the Town. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

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, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales taxes	16,790,000	16,790,000	16,790,000	-	16,149,000
Property and ownership taxes	5,300,000	5,300,000	5,369,376	69,376	5,313,730
Ski area lift ticket admissions tax	5,025,000	5,025,000	5,341,369	316,369	5,103,480
Franchise tax	1,100,000	1,100,000	1,161,503	61,503	1,124,577
Penalties and interest on delinquent taxes	42,925	42,925	40,036	(2,889)	34,101
Total - Taxes	28,257,925	28,257,925	28,702,284	444,359	27,724,888
Permits and Licenses:					
Construction fees	1,253,033	1,253,033	1,151,414	(101,619)	1,805,961
Contractors' licenses	60,000	60,000	55,144	(4,856)	50,225
Other permits and licenses	1,030,295	1,030,295	1,001,360	(28,935)	1,345,114
Total - Permits and Licenses	2,343,328	2,343,328	2,207,918	(135,410)	3,201,300
Intergovernmental:					
County sales tax	866,560	866,560	1,029,600	163,040	917,992
County road and bridge	706,000	706,000	709,513	3,513	706,903
Additional motor vehicle registration fees	26,000	26,000	27,746	1,746	26,753
Cigarette tax	60,000	60,000	62,336	2,336	64,999
Highway users tax	220,000	220,000	260,384	40,384	265,476
Other county sources	87,500	87,500	89,162	1,662	87,500
Other state sources	11,044	151,715	116,887	(34,828)	581,343
Federal sources	-	-	2,241	2,241	-
Total - Intergovernmental	1,977,104	2,117,775	2,297,869	180,094	2,650,966
Charges for Services:					
Management fees - Vail					
Local Marketing District	125,000	125,000	145,000	20,000	145,000
Internal service charge	519,194	550,194	584,638	34,444	596,679
Out of district fire response	40,000	40,000	69,869	29,869	25,485
Alarm monitoring fees	24,000	24,000	15,920	(8,080)	24,969
Parking	5,426,000	5,426,000	6,720,873	1,294,873	6,416,013
Fines and forfeitures	245,563	245,563	211,089	(34,474)	211,101
Rents	1,092,352	1,104,592	1,139,700	35,108	1,064,570
Other charges, services, and sales	307,929	332,807	329,231	(3,576)	298,986
Total - Charges for Services	7,780,038	7,848,156	9,216,320	1,368,164	8,782,803
Other Revenues:					
Earnings on investments	200,000	200,000	866,059	666,059	436,425
Miscellaneous	254,000	320,045	377,097	57,052	191,826
Total - Other Revenues	454,000	520,045	1,243,156	723,111	628,251
Total Revenues	40,812,395	41,087,229	43,667,547	2,580,318	42,988,208

(Continued)

Town of Vail, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018
(Continued)

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Expenditures:				
General Government:				
Town officials	2,167,250	2,035,751	1,634,077	401,674
Administrative	5,025,306	5,145,170	4,795,163	350,007
Community development	2,624,688	2,645,560	2,344,854	300,706
Total - General Government	9,817,244	9,826,481	8,774,094	1,052,387
Public Safety:				
Police department	6,374,507	6,519,957	6,513,205	6,752
Fire department	4,870,353	5,003,899	4,859,806	144,093
Total - Public Safety	11,244,860	11,523,856	11,373,011	150,845
Public Works and Transportation:				
Highways and streets	5,335,234	5,354,077	5,039,692	314,385
Transportation	5,454,546	5,625,575	5,553,226	72,349
Parking operations	1,491,302	1,619,959	1,619,527	432
Facility maintenance	3,924,463	3,935,047	3,931,476	3,571
Total - Public Works and Transportation	16,205,545	16,534,658	16,143,921	390,737
Culture and Recreation:				
Special recreation facilities	292,950	292,950	310,274	(17,324)
Library	904,443	997,098	1,052,117	(55,019)
Total - Culture and Recreation	1,197,393	1,290,048	1,362,391	(72,343)
Economic Development:				
Contributions, marketing, and special events	1,044,569	1,084,148	1,023,836	60,312
Total - Economic Development	1,044,569	1,084,148	1,023,836	60,312
Total Expenditures	39,509,611	40,259,191	38,677,253	1,581,938
Excess (Deficiency) of Revenues Over Expenditures	1,302,784	828,038	4,990,294	4,162,256
Other Financing Sources (Uses):				
Sale of assets	-	-	-	-
Transfers out	(2,357,788)	(2,571,769)	(2,571,769)	-
Total Other Financing Sources (Uses)	(2,357,788)	(2,571,769)	(2,571,769)	-
Net Change in Fund Balance	(1,055,004)	(1,743,731)	2,418,525	4,162,256
Fund Balance - January 1	28,813,132	33,888,140	33,888,140	-
Fund Balance - December 31	27,758,128	32,144,409	36,306,665	4,162,256

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

Town of Vail, Colorado
Special Revenue Funds
Real Estate Transfer Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019			2018 (Restated)
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Real estate transfer tax	6,300,000	6,500,000	7,224,668	724,668
Intergovernmental Revenue:				
Lottery revenue	20,000	20,000	31,476	11,476
Other county revenue	1,000,000	1,474,377	24,377	(1,450,000)
Other state revenue	150,000	241,610	98,978	(142,632)
Total - Intergovernmental Revenue	1,170,000	1,735,987	154,831	(1,581,156)
Charges for Services:				
Recreation amenities fee	10,000	10,000	76,061	66,061
Land lease to Vail Recreation District	166,650	166,650	165,000	(1,650)
Total - Charges for Services	176,650	176,650	241,061	64,411
Other:				
Project reimbursements	-	40,000	77,684	37,684
Donations	-	239,400	203,332	(36,068)
Interest on investments	11,991	11,992	298,861	286,869
Other	32,000	33,255	27,790	(5,465)
Total - Other	43,991	324,647	607,667	283,020
Total Revenues	7,690,641	8,737,284	8,228,227	(509,057)
Expenditures:				
Culture and Recreation:				
Project management	315,000	325,000	361,233	(36,233)
Park maintenance	1,712,030	1,765,098	1,617,376	147,722
Environmental sustainability	673,225	892,338	676,293	216,045
Art in public places	123,456	123,456	118,657	4,799
Total - Culture and Recreation	2,823,711	3,105,892	2,773,559	332,333
Public Works:				
Capital projects	4,956,689	14,509,104	3,486,942	11,022,162
Public Safety				
Fire suppression	296,311	315,964	283,380	32,584
Total Expenditures	8,076,711	17,930,960	6,543,881	11,387,079
Excess (Deficiency) of Revenues Over Expenditures	(386,070)	(9,193,676)	1,684,346	10,878,022
Other Financing Sources (Uses):				
Transfers in	-	24,114	24,114	-
Total Other Financing Sources (Uses)	-	24,114	24,114	-
Net Change in Fund Balance	(386,070)	(9,169,562)	1,708,460	10,878,022
Fund Balance - January 1 (Restated)	887,045	12,975,553	12,975,553	-
Fund Balance - December 31	500,975	3,805,991	14,684,013	10,878,022

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

Town of Vail, Colorado
Special Revenue Funds
Vail Marketing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Permits and Licenses:					
Business licenses	275,000	275,000	341,149	66,149	337,602
Other:					
Interest on investments	3,000	3,000	1,392	(1,608)	4,718
Total Revenues	278,000	278,000	342,541	64,541	342,320
Expenditures:					
Economic Development:					
Special Events	1,739,140	1,942,345	1,890,406	51,939	1,680,935
Commission on Special Events	893,648	893,648	894,272	(624)	850,990
Administration fee	13,750	13,750	17,057	(3,307)	16,880
Total Expenditures	2,646,538	2,849,743	2,801,735	48,008	2,548,805
Excess (Deficiency) of Revenues Over Expenditures	(2,368,538)	(2,571,743)	(2,459,194)	112,549	(2,206,485)
Other Financing Sources (Uses):					
Transfers in	2,357,788	2,542,788	2,542,788	-	2,186,120
Total Other Financing Sources (Uses)	2,357,788	2,542,788	2,542,788	-	2,186,120
Net Change in Fund Balance	(10,750)	(28,955)	83,594	112,549	(20,365)
Fund Balance - January 1	220,107	303,241	303,241	-	323,606
Fund Balance - December 31	209,357	274,286	386,835	112,549	303,241

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, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Lodging tax	3,300,000	3,500,000	3,711,738	211,738
Other:				
Interest on investments	2,000	2,000	2,631	631
Total Revenues	<u>3,302,000</u>	<u>3,502,000</u>	<u>3,714,369</u>	<u>212,369</u>
Expenditures:				
Economic Development:				
Destination	1,306,000	1,455,500	1,391,003	64,497
Front Range	190,000	271,500	279,618	(8,118)
Groups and meetings	680,738	680,738	597,075	83,663
Marketing	422,000	933,000	828,675	104,325
Special events	225,000	25,000	25,000	-
Purchased services	476,262	489,262	513,343	(24,081)
Total Expenditures	<u>3,300,000</u>	<u>3,855,000</u>	<u>3,634,714</u>	<u>220,286</u>
Excess (Deficiency) of Revenues Over Expenditures	2,000	(353,000)	79,655	432,655
Fund Balance - January 1	<u>862,297</u>	<u>1,270,453</u>	<u>1,270,453</u>	<u>-</u>
Fund Balance - December 31	<u>864,297</u>	<u>917,453</u>	<u>1,350,108</u>	<u>432,655</u>

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

Town of Vail, Colorado
Special Revenue Funds
Vail Reinvestment Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax	5,540,000	5,813,000	5,825,058	12,058	5,475,660
Other:					
Interest on investments	2,615	2,615	3,793	1,178	4,045
Interest subsidy (Build America Bonds)	167,444	167,444	164,876	(2,568)	169,059
Total Revenues	<u>5,710,059</u>	<u>5,983,059</u>	<u>5,993,727</u>	<u>10,668</u>	<u>5,648,764</u>
Expenditures:					
Economic Development:					
Administration	100,000	105,460	105,654	(194)	98,604
Fiscal agent fees	2,800	2,800	1,470	1,330	2,420
Treasurer's fees	166,200	174,390	174,754	(364)	164,416
Professional fees	10,000	10,000	1,445	8,555	2,895
Vail Square Metro District	523,800	523,800	526,106	(2,306)	524,143
Total Economic Development	<u>802,800</u>	<u>816,450</u>	<u>809,429</u>	<u>7,021</u>	<u>792,478</u>
Debt Service:					
Principal	555,000	555,000	555,000	-	535,000
Interest	501,432	501,432	501,432	-	526,753
Total Debt Service	<u>1,056,432</u>	<u>1,056,432</u>	<u>1,056,432</u>	<u>-</u>	<u>1,061,753</u>
Total Expenditures	<u>1,859,232</u>	<u>1,872,882</u>	<u>1,865,861</u>	<u>7,021</u>	<u>1,854,231</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,850,827</u>	<u>4,110,177</u>	<u>4,127,866</u>	<u>17,689</u>	<u>3,794,533</u>
Other Financing Sources (Uses):					
Transfers out	(3,050,000)	(3,804,281)	(3,804,281)	-	(4,599,998)
Total Other Financing Sources (Uses)	<u>(3,050,000)</u>	<u>(3,804,281)</u>	<u>(3,804,281)</u>	<u>-</u>	<u>(4,599,998)</u>
Net Change in Fund Balance	800,827	305,896	323,585	17,689	(805,465)
Fund Balance - January 1	<u>1,707,385</u>	<u>2,259,307</u>	<u>2,259,307</u>	<u>-</u>	<u>3,064,772</u>
Fund Balance - December 31	<u>2,508,212</u>	<u>2,565,203</u>	<u>2,582,892</u>	<u>17,689</u>	<u>2,259,307</u>

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

SUPPLEMENTARY INFORMATION

Town of Vail, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Sales tax	10,290,000	10,290,000	12,719,336	2,429,336
Construction use tax	2,220,000	2,520,000	2,467,928	(52,072)
Franchise tax	-	90,000	77,237	(12,763)
Total - Taxes	<u>12,510,000</u>	<u>12,900,000</u>	<u>15,264,501</u>	<u>2,377,264</u>
Intergovernmental:				
County revenues	-	105,829	105,829	-
State grants	300,000	168,000	33,000	(135,000)
Federal grants	-	895,000	894,898	(102)
Total - Intergovernmental	<u>300,000</u>	<u>1,168,829</u>	<u>1,033,727</u>	<u>(135,102)</u>
Charges for Services:				
Leases - Vail Commons	164,067	164,067	163,909	(158)
Total - Charges for Services	<u>164,067</u>	<u>164,067</u>	<u>163,909</u>	<u>(158)</u>
Other:				
Interest on investments	604,543	604,543	970,269	365,726
Project reimbursements/shared costs	200,000	270,000	322,631	52,631
Construction fees	-	491,687	461,556	(30,131)
Miscellaneous	-	-	4,582	4,582
Total - Other	<u>804,543</u>	<u>1,366,230</u>	<u>1,759,038</u>	<u>392,808</u>
Total Revenues	<u>13,778,610</u>	<u>15,599,126</u>	<u>18,221,175</u>	<u>2,634,812</u>
Expenditures:				
Public Works:				
Capital lease principal	-	-	743,692	743,692
Interest	-	-	1,236	1,236
Capital projects and acquisition	19,158,295	44,182,942	19,574,164	24,608,778
Total - Public Works	<u>19,158,295</u>	<u>44,182,942</u>	<u>20,319,092</u>	<u>25,353,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,379,685)</u>	<u>(28,583,816)</u>	<u>(2,097,917)</u>	<u>27,988,518</u>
Other Financing Sources (Uses):				
Capital lease proceeds	-	-	-	-
Sale of assets	-	2,422,000	1,547,000	-
Transfers in	3,050,000	3,848,281	3,804,281	(44,000)
Total Other Financing Sources (Uses)	<u>3,050,000</u>	<u>6,270,281</u>	<u>5,351,281</u>	<u>(44,000)</u>
Net Change in Fund Balance	<u>(2,329,685)</u>	<u>(22,313,535)</u>	<u>3,253,364</u>	<u>27,944,518</u>
Fund Balance - January 1	<u>22,808,037</u>	<u>46,845,813</u>	<u>46,845,813</u>	<u>-</u>
Fund Balance - December 31	<u>20,478,352</u>	<u>24,532,278</u>	<u>50,099,177</u>	<u>27,944,518</u>

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, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Operating Revenues:				
Rent	1,570,272	1,570,272	1,593,491	23,219
Ground lease	-	-	155,149	155,149
Other	19,346	19,346	25,398	6,052
Total Operating Revenues	<u>1,589,618</u>	<u>1,589,618</u>	<u>1,774,038</u>	<u>184,420</u>
Operating Expenses:				
Operating expenses	524,144	524,144	490,895	33,249
Capital outlay	280,701	481,411	14,002	467,409
Total Operating Expenses	<u>804,845</u>	<u>1,005,555</u>	<u>504,897</u>	<u>500,658</u>
Operating Income (Loss)	<u>784,773</u>	<u>584,063</u>	<u>1,269,141</u>	<u>685,078</u>
Non-operating Revenues (Expenses):				
Interest on investments	12,000	12,000	19,790	7,790
Interest expense	(116,638)	(116,638)	(116,638)	-
Loan principal repayment to Capital Projects Fund	(372,704)	(372,704)	(372,704)	-
Total Non-operating Revenue (Expenses)	<u>(477,342)</u>	<u>(477,342)</u>	<u>(469,552)</u>	<u>7,790</u>
Change in Net Position - Budget Basis	<u>307,431</u>	<u>106,721</u>	<u>799,589</u>	<u>692,868</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Loan principal repayment to Capital Projects Fund			372,704	367,196
Depreciation			(347,114)	(345,762)
Capitalized assets			14,002	79,991
Total Adjustments			<u>39,592</u>	<u>101,425</u>
Change in Net Position - GAAP Basis			<u>839,181</u>	<u>650,152</u>

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

Town of Vail, Colorado
Enterprise Fund
Dispatch Services Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Dispatch service fee	669,590	669,590	669,590	-	659,608
Dispatching contracts	1,354,077	1,354,077	1,342,632	(11,445)	1,277,282
Other charges	-	-	-	-	13,622
Total Operating Revenues	<u>2,023,667</u>	<u>2,023,667</u>	<u>2,012,222</u>	<u>(11,445)</u>	<u>1,950,512</u>
Operating Expenses:					
Public Safety:					
Salaries and benefits	2,206,730	2,222,480	2,070,611	151,869	1,960,106
Operating expenses	533,884	533,884	450,156	83,728	468,263
Capital outlay	-	181,080	-	181,080	432,221
Total Operating Expenses	<u>2,740,614</u>	<u>2,937,444</u>	<u>2,520,767</u>	<u>416,677</u>	<u>2,860,590</u>
Operating (Loss) - Budget Basis	<u>(716,947)</u>	<u>(913,777)</u>	<u>(508,545)</u>	<u>405,232</u>	<u>(910,078)</u>
Non-operating Revenues:					
Operating grant - E-911 Board	803,953	803,953	816,452	12,499	778,562
Other operating grants	-	-	-	-	403,000
Earnings on investments	6,168	6,168	32,266	26,098	22,678
Total Non-operating Revenues	<u>810,121</u>	<u>810,121</u>	<u>848,718</u>	<u>38,597</u>	<u>1,204,240</u>
Income (Loss) Before Transfers	<u>93,174</u>	<u>(103,656)</u>	<u>340,173</u>	<u>443,829</u>	<u>294,162</u>
Transfers In	<u>-</u>	<u>15,750</u>	<u>15,750</u>	<u>-</u>	<u>-</u>
Change in Net Position - Budget Basis	<u>93,174</u>	<u>(87,906)</u>	<u>355,923</u>	<u>443,829</u>	<u>294,162</u>
Adjustments:					
Change in compensated absences			(16,006)		17,101
Depreciation			(127,778)		(149,924)
Capitalized assets			-		432,221
Total Adjustments			<u>(143,784)</u>		<u>299,398</u>
Change in Net Position - GAAP Basis			<u>212,139</u>		<u>593,560</u>

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

Town of Vail, Colorado
Internal Service Funds
Heavy Equipment Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Operating charges	2,560,259	2,560,259	2,618,757	58,498	2,383,188
Replacement charges	789,799	789,799	733,837	(55,962)	712,767
Total - Charges and Fees	<u>3,350,058</u>	<u>3,350,058</u>	<u>3,352,594</u>	<u>2,536</u>	<u>3,095,955</u>
Other:					
Insurance reimbursements	10,000	10,000	37,993	27,993	9,128
Other	-	-	16,396	16,396	20,733
Total - Other	<u>10,000</u>	<u>10,000</u>	<u>54,389</u>	<u>44,389</u>	<u>29,861</u>
Total Operating Revenues	<u>3,360,058</u>	<u>3,360,058</u>	<u>3,406,983</u>	<u>46,925</u>	<u>3,125,816</u>
Operating Expenses:					
Public Works:					
Vehicle maintenance and fuel	2,772,489	2,777,355	2,555,247	222,108	2,410,867
Capital outlay	937,800	958,445	783,193	175,252	733,115
Total Operating Expenses	<u>3,710,289</u>	<u>3,735,800</u>	<u>3,338,440</u>	<u>397,360</u>	<u>3,143,982</u>
Operating Income (Loss) - Budget Basis	<u>(350,231)</u>	<u>(375,742)</u>	<u>68,543</u>	<u>444,285</u>	<u>(18,166)</u>
Non-operating Revenues:					
Earnings on investments	7,900	7,900	46,230	38,330	20,568
Proceeds from sale of assets	189,170	189,170	100,466	(88,704)	99,015
Total Non-operating Revenues:	<u>197,070</u>	<u>197,070</u>	<u>146,696</u>	<u>(50,374)</u>	<u>119,583</u>
Transfers In	<u>-</u>	<u>4,867</u>	<u>4,867</u>	<u>-</u>	<u>-</u>
Change in Net Position - Budget Basis	<u>(153,161)</u>	<u>(173,805)</u>	<u>220,106</u>	<u>393,911</u>	<u>101,417</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Contributed from other funds			105,611		265,882
Net book value of disposed assets			(20,982)		(14,313)
Depreciation			(794,078)		(845,214)
Change in accrued compensated absences			(6,249)		10,440
Capitalized assets			783,193		733,115
Total Adjustments			<u>67,495</u>		<u>149,910</u>
Change in Net Position - GAAP Basis			<u>287,601</u>		<u>251,327</u>

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

Town of Vail, Colorado
Internal Service Funds
Health Insurance Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Insurance premiums	4,450,000	4,450,000	4,400,000	(50,000)	3,950,000
Insurance premiums - Employee contributions	735,000	735,000	882,844	147,844	773,461
Total Operating Revenues	<u>5,185,000</u>	<u>5,185,000</u>	<u>5,282,844</u>	<u>97,844</u>	<u>4,723,461</u>
Operating Expenses:					
General Government:					
Health claims	4,282,775	4,282,775	3,567,754	715,021	3,961,664
Premiums	1,139,857	1,139,857	1,130,291	9,566	889,778
Administrative fees	40,500	40,500	43,649	(3,149)	20,594
Total Operating Expenses	<u>5,463,132</u>	<u>5,463,132</u>	<u>4,741,694</u>	<u>721,438</u>	<u>4,872,036</u>
Operating Income (Loss)	(278,132)	(278,132)	541,150	819,282	(148,575)
Non-operating Revenues:					
Earnings on investments	25,000	25,000	93,295	68,295	45,396
Change in Net Position	<u>(253,132)</u>	<u>(253,132)</u>	<u>634,445</u>	<u>887,577</u>	<u>(103,179)</u>

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Net Position
December 31, 2019

	Heavy Equipment Fund	Health Insurance Fund	Total
Assets:			
Current Assets:			
Equity in pooled cash and investments	2,168,777	4,477,611	6,646,388
Accounts receivable, net of allowance for uncollectibles	22,807	5,085	27,892
Inventory	290,686	-	290,686
Prepaid expenses	-	500	500
Total Current Assets	<u>2,482,270</u>	<u>4,483,196</u>	<u>6,965,466</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	<u>5,237,064</u>	<u>-</u>	<u>5,237,064</u>
Total Assets	<u>7,719,334</u>	<u>4,483,196</u>	<u>12,202,530</u>
Liabilities:			
Current Liabilities:			
Accounts payable	89,889	502,268	592,157
Accrued salaries and wages	20,282	-	20,282
Current portion of compensated absences	15,689	-	15,689
Total Current Liabilities	<u>125,860</u>	<u>502,268</u>	<u>628,128</u>
Non-current Liabilities:			
Compensated absences, net of current portion	<u>36,608</u>	<u>-</u>	<u>36,608</u>
Total Liabilities	<u>162,468</u>	<u>502,268</u>	<u>664,736</u>
Net Position:			
Net investment in capital assets	5,237,064	-	5,237,064
Unrestricted	<u>2,319,802</u>	<u>3,980,928</u>	<u>6,300,730</u>
Total Net Position	<u>7,556,866</u>	<u>3,980,928</u>	<u>11,537,794</u>

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2019

	Heavy Equipment Fund	Health Insurance Fund	Total
Operating Revenues:			
Charges for services - Internal	3,352,594	4,400,000	7,752,594
Charges for services - External	-	882,844	882,844
Insurance reimbursements	37,993	-	37,993
Other	16,396	-	16,396
Total Operating Revenues	<u>3,406,983</u>	<u>5,282,844</u>	<u>8,689,827</u>
Operating Expenses:			
Operations	2,561,496	43,649	2,605,145
Health claims and premiums	-	4,698,045	4,698,045
Depreciation	794,078	-	794,078
Total Operating Expenses	<u>3,355,574</u>	<u>4,741,694</u>	<u>8,097,268</u>
Operating Income (Loss)	<u>51,409</u>	<u>541,150</u>	<u>592,559</u>
Non-operating Revenues (Expenses):			
Gain (loss) on disposal of assets	79,484	-	79,484
Investment income	46,230	93,295	139,525
Total Non-operating Revenues (Expenses)	<u>125,714</u>	<u>93,295</u>	<u>219,009</u>
Income (Loss) Before Transfers and Capital Contributions	177,123	634,445	811,568
Transfers In	4,867	-	4,867
Capital Contributions, Net	<u>105,611</u>	<u>-</u>	<u>105,611</u>
Change in Net Position	287,601	634,445	922,046
Net Position - January 1	<u>7,269,265</u>	<u>3,346,483</u>	<u>10,615,748</u>
Net Position - December 31	<u><u>7,556,866</u></u>	<u><u>3,980,928</u></u>	<u><u>11,537,794</u></u>

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

Town of Vail, Colorado
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2019

	Heavy Equipment Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:			
Cash received from other funds	3,352,594	4,400,000	7,752,594
Other cash receipts	109,720	885,722	995,442
Cash paid for goods and services	(1,449,495)	(4,784,426)	(6,233,921)
Cash paid to employees	(1,111,789)	-	(1,111,789)
Net Cash Provided (Used) by Operating Activities	<u>901,030</u>	<u>501,296</u>	<u>1,402,326</u>
Cash Flows From Non-Capital Financing Activities:			
Transfer from (to) other funds	4,867	-	4,867
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>4,867</u>	<u>-</u>	<u>4,867</u>
Cash Flows From Capital and Related Financing Activities:			
Cash received from sale of fixed assets	100,467	-	100,467
Acquisition and construction of capital assets	(677,581)	-	(677,581)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(577,114)</u>	<u>-</u>	<u>(577,114)</u>
Cash Flows From Investing Activities:			
Interest on investments	46,230	93,295	139,525
Net Cash Provided (Used) by Investing Activities	<u>46,230</u>	<u>93,295</u>	<u>139,525</u>
Net Change in Cash and Cash Equivalents	375,013	594,591	969,604
Cash and Cash Equivalents - Beginning	<u>1,793,764</u>	<u>3,883,020</u>	<u>5,676,784</u>
Cash and Cash Equivalents - Ending	<u><u>2,168,777</u></u>	<u><u>4,477,611</u></u>	<u><u>6,646,388</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>51,409</u>	<u>541,150</u>	<u>592,559</u>
Adjustments:			
Depreciation	794,078	-	794,078
(Increase) decrease in accounts receivable	55,331	2,878	58,209
(Increase) decrease in inventory	(38,458)	-	(38,458)
Increase (decrease) in accounts payable	27,677	(42,732)	(15,055)
Increase (decrease) in accrued wages and benefits	10,993	-	10,993
Total Adjustments	<u>849,621</u>	<u>(39,854)</u>	<u>809,767</u>
Net Cash Provided (Used) by Operating Activities	<u><u>901,030</u></u>	<u><u>501,296</u></u>	<u><u>1,402,326</u></u>
Schedule of Non-cash Investing, Capital and Financing Activities:			
Assets contributed by Capital Projects Fund	<u><u>105,611</u></u>	<u><u>-</u></u>	<u><u>105,611</u></u>

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

Town of Vail, Colorado
Capital Projects Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

Project Number	Project Name	2019			2018
		Final Budget	Actual	Variance Positive (Negative)	Actual
CBI021	Donovan Park Pavilion	5,000	-	5,000	-
CBI025	Colorado Ski Museum Renovation	-	-	-	500,000
CBI026	Welcome Center Capital Maintenance	100,000	43,297	56,703	121,154
CBI027	Public Works Remodel	11,818,406	215,081	11,603,325	136,594
CEP002	Hybrid Bus Battery Replacement	388,716	-	388,716	43,056
CEP004	Replace Buses	265,024	3,382	261,642	2,964,563
CEP005	Hardware Purchases	113,927	101,204	12,723	86,074
CEP006	Radio Replacement	12,601	18,759	(6,158)	738,844
CEP007	Phone System Upgrade	45,077	-	45,077	118
CEP008	Parking Entry System	186,037	60,890	125,147	-
CEP010	Network Upgrades	30,000	19,595	10,405	366,857
CEP011	Document Imaging	30,000	28,487	1,513	29,018
CEP018	Web and E-commerce	14,000	13,511	489	4,311
CEP019	Computer-Aided Dispatch (CAD/RMS)	141,000	63,261	77,739	44,906
CEP022	Audio Visual	88,000	44,553	43,447	164,038
CEP023	Video Cameras Patrol Cars	56,635	56,635	-	-
CEP026	Fire Equipment	95,650	74,217	21,433	165,100
CEP030	Vehicle expansion	115,100	105,611	9,489	251,309
CEP031	Software Licensing	325,277	274,592	50,685	34,134
CEP033	Data Centers / Computer Rooms	2,432,449	726,400	1,706,049	1,722,390
CEP036	Business Systems	172,334	61,825	110,509	196,366
CEP038	Police Equipment	72,643	74,703	(2,060)	101,696
CEP042	Bus Camera System	15,000	15,060	(60)	-
CEP046	Library Self-Check System Updates	-	-	-	36,135
CEP047	Event Equipment	77,892	77,643	249	-
CHF001	Buy-Down Housing	306,460	-	306,460	261,976
CHF002	Solar Vail	4,030,000	4,030,000	-	-
CHF003	Vail InDEED	5,935,533	3,137,808	2,797,725	1,659,726
CHF004	Employee Housing	362,000	326,875	35,125	309,636
CHP020	Chamonix Housing Development	-	-	-	71,872
CHP022	Chamonix- Vail Homes	15,000	-	15,000	2,285,755
CMP007	Transportation Master Plan	30,000	-	30,000	-
CMT003	Bus Shelter Replacement Program	30,000	237	29,763	27,048
CMT004	Capital Street Maintenance	1,225,000	692,573	532,427	834,558
CMT005	Facility Capital	690,518	418,351	272,167	299,338
CMT007	Parking Structure Maintenance	1,046,914	1,044,377	2,537	490,086
CMT009	Energy Enhancements	223,847	-	223,847	14,052
CMT010	Underground Utilities	646,675	200,005	446,670	1,491,391
CMT011	Vail Village Inn Homeowners Roof Assessmt	3,000	27,269	(24,269)	-
CMT016	Public Works Wash Down	185,174	59,093	126,081	61,793
CMT017	Slifer Plaza Fountain and Storm Sewer	1,484,329	1,327,236	157,093	2,821,757
CMT018	Public Works Shop Building Maintenance	300,000	-	300,000	-
CMT020	Lifside to Glen Lyon Underground Powerline	50,000	50,000	-	-
CMT021	Rockwall Mitigation	400,000	357,432	42,568	-
CMT022	Seibert Fountain	400,000	42,000	358,000	-
COT002	Street Light Improvement Program	75,000	5,355	69,645	64,919
COT004	Fiber-Optics in Buildings	90,000	77,979	12,021	26,620
COT015	Red Sandstone Parking Garage	2,614,596	1,474,162	1,140,434	12,095,586
COT021	I-70 Fiber Optics	35,000	-	35,000	-
COT024	West Forest Road Bridge Repair	347,497	293,063	54,434	-
COT025	Kinnickinnick(West) Bridge Repair	341,637	328,842	12,795	-
COT027	Children's Garden of Learning Boiler Replacement	32,500	-	32,500	18,574
COT028	Concil Contribution- Vail Valley Foundation	55,000	55,000	-	-
COT030	Mill Creek Heated Sidewalk	125,000	24,420	100,580	-
COT031	Civic Area Redevelopment	100,000	-	100,000	-
CSC016	Guest Services Enhancements	225,900	189,780	36,120	503,922
CSC017	Pedestrian Safety Enhancements	1,479,116	7,347	1,471,769	20,884
CSC018	East Meadow Drive Snowmelt	750,000	558,021	191,979	471,033
CSC019	Transit Stop Improvements	-	-	-	280,404
CSC020	Vail Trail Sidewalk Connection	95,000	93,475	1,525	-
CSR007	Neighborhood Road Reconstruction	400,000	78,160	321,840	-
CSR008	Neighborhood Bridges	2,332,542	1,904,355	428,187	21,564
CSR009	Frontage Road Enhancements VVMC	70,655	40,524	30,131	181,574
CSR010	West Vail Roundabout Repair	250,000	128,810	121,190	286,630
VRA010	I-70 Underpass	492,990	465,507	27,483	-
VRA017	Lionshead Express Bus Stop Improvements	25,000	10,008	14,992	656,308
VRA018	Lionshead Parking Structure Landscape Renovations	30,291	-	30,291	69,709
VRA020	Heated Walk- Lionshead to First Chair	-	-	-	314,185
VRA021	West lionshead Circle Crosswalk	250,000	47,394	202,606	-
Total		44,182,942	19,574,164	24,608,778	33,347,560

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, 2019
With Comparative Actual Amounts For the Year Ended December 31, 2018

Project Number	Project Name	2019		Variance Positive (Negative)	2018
		Final Budget	Actual		Actual
CCF001	Golf Clubhouse Redevelopment	52,935	19,111	33,824	65,794
CCF002	Ford Park Fields Redevelopment	699,860	596,159	103,701	142,396
RFP005	Alpine Gardens Pledge	69,700	69,700	-	69,700
RFP007	Alpine Gardens Contribution	-	-	-	38,768
RFP017	Ford Park Portal Improvements	2,540	-	2,540	21,328
RFP019	Ford Park Landscape Enhancement	67,000	66,111	889	-
RMT001	Recreation Path Maintenance	68,139	79,639	(11,500)	14,347
RMT002	Tree Maintenance	65,000	64,739	261	30,403
RMT005	Street Furniture - Streetscape	97,334	64,865	32,469	17,767
RMT006	Eagle River Watershed Programs	42,000	42,000	-	45,450
RMT009	Park/Playground Capital Maintenance	135,000	84,892	50,108	213,959
RMT016	Ford Park / Tennis Center Improvements	72,000	-	72,000	-
RMT018	Dobson Ice Arena	211,443	50,420	161,023	-
RMT019	Gymnastics Center	60,000	1,392	58,608	14,496
RMT021	Golf Course Clubhouse & Other	65,000	39,093	25,907	-
RMT022	Recreation Enhancement Account (VRD)	373,348	-	373,348	-
RMT024	Athletic Fields	6,000	-	6,000	-
RMT025	Nature Center	433,950	50,428	383,522	228,790
RMT027	Golf Course - Other Improvements	687,792	459,919	227,873	735,745
RMT028	Flood Repairs	2,148,608	47,196	2,101,412	14,259
RMT030	East Vail Interchange Improvements	793,554	342,270	451,284	630,406
RMT032	Intermountain Fuels Reduction	42,142	-	42,142	32,186
RMT033	North Bike Path Reconstruction	235,000	1,620	233,380	-
RMT034	Forest Health VHF Radios	-	-	-	35,668
RFA001	Property Acquisition	670,000	14,860	655,140	152,687
RPI001	Playground Safety Improvements	-	1,443	(1,443)	-
RPI007	Streamtract Education	89,978	39,551	50,427	150,889
RPI008	East Vail Water Quality TAPS	90,365	24,943	65,422	1,034,746
RPI010	Water Quality Infrastructure	3,664,756	265,053	3,399,703	35,014
RPI011	Streambank Restoration	648,336	364,004	284,332	79,886
RPI012	Private Streambank	65,083	8,711	56,372	35,917
RPI013	Stephen's Park Improvements	300,000	7,695	292,305	-
RPI014	Covered Bridge Rehabilitation	87,000	4,913	82,087	-
RPI015	Turf Grass Reduction	35,364	35,364	-	-
RPT020	Open Lands	-	-	-	38,197
RPT022	Adopt-a-Trail	5,000	5,000	-	-
RPT023	Gore Valley Trail Reconstruction	25,000	-	25,000	271,625
RPT024	Gore Valley Trail Realignment	86,861	19,679	67,182	-
RPT025	Vail Valley Drive Path Extension	800,000	49,220	750,780	-
RPT026	Gore Valley Trail Bridge Replacement	300,000	75,694	224,306	-
RRT001	Public Art	597,798	59,775	538,023	139,534
RRT006	Public Art - Winterfest	68,085	43,991	24,094	23,594
RRT007	Public Art - Pete Seibert Memorial	300,000	300,000	-	-
RRT008	Nature Center Operations	90,000	75,036	14,964	-
RRT009	Public Art- Art Space	50,000	12,456	37,544	-
RSS006	Vail Transit Center Landscape	107,133	-	107,133	17,867
Total		14,509,104	3,486,942	11,022,162	4,331,417

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

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		City or County: Vail
		YEAR ENDING : December 2019
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	7,531,531
3. Other local imposts (from page 2)	1,010,143
4. Miscellaneous local receipts (from page 2)	-
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	-
7. Total (1 through 6)	8,541,674
B. Private Contributions	658,599
C. Receipts from State government (from page 2)	288,130
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	9,488,403

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,134,655
2. Maintenance:	2,477,677
3. Road and street services:	
a. Traffic control operations	405,479
b. Snow and ice removal	1,417,132
c. Other	
d. Total (a. through c.)	1,822,611
4. General administration & miscellaneous	461,237
5. Highway law enforcement and safety	1,592,222
6. Total (1 through 5)	9,488,403
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)	9,488,403

(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
	-	9,488,403	9,488,403	-	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,010,143	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,010,143	h. Other	
c. Total (a. + b.)	1,010,143	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	260,384	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	27,746	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	27,746	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	288,130	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		145,183	145,183
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		2,989,472	2,989,472
(5). Total Construction (1) + (2) + (3) + (4)	-	2,989,472	2,989,472
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	3,134,655	3,134,655
		(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, 2019

TABLE I
Vail Reinvestment Authority History of Pledged Revenues

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2018</u>	<u>2019</u>
Pledged Revenues	3,541,546	3,673,030	4,221,743	5,124,621	5,467,621

TABLE II
Vail Reinvestment Authority History of Assessed Valuations

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Assessed Valuation</u>	<u>Percent Change</u>	<u>Valuation Allocable to Base</u>	<u>Valuation Allocable to Increment</u>
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
2018	2019	253,332,420	17.0%	134,268,000	119,064,420

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

<u>Tax Areas</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
202	45.2100	51.1300	51.6980	51.951	50.919
203	44.1460	49.7500	50.3960	50.648	49.726
204	55.7010	61.4300	60.8500	60.025	56.576
206	45.5210	51.1300	51.6980	51.951	50.919
207	80.5210	86.1300	86.6980	86.951	85.919
208	67.3960	73.0100	73.5730	73.826	72.794
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, 2019

TABLE IV
Largest Taxpayers in the Authority

Taxpayer Name	2019 Preliminary Assessed Valuation	Percentage of Total Assessed Valuation
Diamondrock LLC	42,688,980	16.9%
Arrabelle at Vail Square LLC	28,646,250	11.3%
Ritz-Carlton Development Co Inc	10,299,710	4.1%
Lion Vail LLC	8,437,090	3.3%
Vail Corp	5,489,360	2.2%
Lazier Lionshead LLC	3,467,770	1.4%
A Belle Vail Co LLC	3,106,350	1.2%
Vail Marriott Resort & Spa	2,759,110	1.1%
Blue Ice 21 LLC	2,347,920	0.9%
SOHO Development LLC	2,172,880	0.9%
Landmark Commercial Dev Co	1,940,440	0.8%
Total	253,332,420	

TABLE V
2019 Preliminary Assessed Valuation of Classes of Property in the Authority

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	146,953,420	58%
Commercial	105,273,930	42%
Vacant	948,590	0%
State assessed	156,480	0%
Total	253,332,420	100%

Town of Vail, Colorado
 Issuer's Annual Report
 Update of Official Statement Tables to be Updated
 Table VI
 December 31, 2019

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Other:					
Property tax	3,837,261	3,959,506	4,514,083	5,475,660	5,825,058
Interest on investments	937	2,062	3,273	4,045	3,793
Interest subsidy (Build America Bonds)	167,896	168,246	168,427	169,059	164,876
Total Revenues	<u>4,006,094</u>	<u>4,129,814</u>	<u>4,685,783</u>	<u>5,648,764</u>	<u>5,993,727</u>
Expenditures:					
Economic Development:					
Administration	67,167	69,772	80,715	98,604	105,654
Fiscal agent fees	2,420	2,420	2,420	2,420	1,470
Treasurer's fees	115,121	118,789	135,427	164,416	174,754
Professional fees	11,623	2,810	8,087	2,895	1,445
Vail Square Metro District	464,548	456,784	464,039	524,143	526,106
Total Economic Development:	<u>660,879</u>	<u>650,575</u>	<u>690,688</u>	<u>792,478</u>	<u>809,429</u>
Debt Service:					
Principal	490,000	500,000	515,000	535,000	555,000
Interest	577,928	564,928	547,753	526,753	501,432
Total Debt Service:	<u>1,067,928</u>	<u>1,064,928</u>	<u>1,062,753</u>	<u>1,061,753</u>	<u>1,056,432</u>
Total Expenditures	<u>1,728,807</u>	<u>1,715,503</u>	<u>1,753,441</u>	<u>1,854,231</u>	<u>1,865,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,277,287</u>	<u>2,414,311</u>	<u>2,932,342</u>	<u>3,794,533</u>	<u>4,127,866</u>
Other Financing Sources (Uses):					
Transfers out	(2,757,636)	(3,546,063)	(4,179,718)	(4,599,998)	(3,804,281)
Total Other Financing Sources (Uses)	<u>(2,757,636)</u>	<u>(3,546,063)</u>	<u>(4,179,718)</u>	<u>(4,599,998)</u>	<u>(3,804,281)</u>
Net Change in Fund Balance	<u>(480,349)</u>	<u>(1,131,752)</u>	<u>(1,247,376)</u>	<u>(805,465)</u>	<u>323,585</u>
Fund Balance - January 1	<u>5,924,250</u>	<u>5,443,901</u>	<u>4,312,149</u>	<u>3,064,773</u>	<u>2,259,308</u>
Fund Balance - December 31	<u>5,443,901</u>	<u>4,312,149</u>	<u>3,064,773</u>	<u>2,259,308</u>	<u>2,582,893</u>

Town of Vail, Colorado
 Issuer's Annual Report
 Update of Official Statement of Tables to be Updated
 Tables VII and VIII
 December 31, 2019

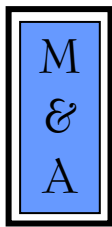
TABLE VII
2019 Budget Summary and Actual Comparison / 2020 Budget
Vail Reinvestment Authority

	2019 Budget	2019 Actual	2020 Budget
Revenues:			
Other:			
Property tax	5,813,000	5,825,058	6,067,000
Interest on investments	2,615	3,793	2,492
Interest Subsidy (Build America Bonds)	167,444	164,876	165,082
Total Revenues	<u>5,983,059</u>	<u>5,993,727</u>	<u>6,234,574</u>
Expenditures:			
Economic Development:			
Administration	105,460	105,654	110,000
Fiscal agent fees	2,800	1,470	2,800
Treasurer's fees	174,390	174,754	182,010
Professional fees	10,000	1,445	10,000
Vail Square Metro District	523,800	526,106	549,990
Total Economic Development:	<u>816,450</u>	<u>809,429</u>	<u>854,800</u>
Debt Service:			
Principal	555,000	555,000	575,000
Interest	501,432	501,432	471,662
Total Debt Service:	<u>1,056,432</u>	<u>1,056,432</u>	<u>1,046,662</u>
Total Expenditures	<u>1,872,882</u>	<u>1,865,861</u>	<u>1,901,462</u>
Excess (Deficiency) of Revenues over Expenditures	4,110,177	4,127,866	4,333,112
Other Financing Sources (Uses):			
Transfers out	<u>(3,804,281)</u>	<u>(3,804,281)</u>	<u>(2,550,000)</u>
Net Change in Fund Balance	305,896	323,585	1,783,112
Fund Balance - January 1	<u>2,259,308</u>	<u>2,259,308</u>	<u>2,565,203</u>
Fund Balance - December 31	<u><u>2,565,204</u></u>	<u><u>2,582,893</u></u>	<u><u>4,348,315</u></u>

TABLE VIII
Outstanding Revenue Obligations

Issue	Outstanding Principal
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B	<u>\$ 7,715,000</u>
Total	<u><u>\$ 7,715,000</u></u>

SINGLE AUDIT REPORTS AND SCHEDULES



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vail, Colorado (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 27, 2020.

Internal Control Over Financial Reporting

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

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

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

Member: American Institute of Certified Public Accountants

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

Compliance and Other Matters

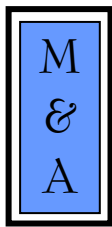
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2020



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Program

We have audited the compliance of the Town of Vail, Colorado's (the "Town") with the types of compliance requirements described in the U.S. Office of Management and Budget's *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2019. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United State, and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town's compliance with those requirements.

Member: American Institute of Certified Public Accountants

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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



McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2020

Town of Vail, Colorado, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

Part I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2, U.S. Code of Federal Regulations, Part 200	No
Major programs:	
Highway Planning and Construction	CFDA #20.205
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Town of Vail, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

There were no findings for the year ended December 31, 2018.

Town of Vail
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Clusters of Programs</u>
<u>U.S. Department of Transportation:</u>				
Passed through Colorado Department of Transportation:				
<i>Highway Planning and Construction cluster:</i>				
Highway Planning and Construction	20.205	15-HA3-75418	\$ 894,898	
				<u>894,898</u>
Total - U.S. Department of Transportation			<u>894,898</u>	
<u>U.S. Department of Justice:</u>				
Passed through Colorado Department of Public Safety:				
Bulletproof Vest Grant	16.607	n/a	<u>2,241</u>	
Total - U.S. Department of Justice			<u>2,241</u>	
TOTAL			<u>\$ 897,139</u>	

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Vail (the "Town") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule or used in this schedule may differ from amounts presented in or used in the preparation of the Town's general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:

The Town had no non-cash awards expended during 2019.

Note 3. Indirect Facilities and Administration costs

The Town does not use the 10% de minimis cost rate allowed in in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance. Instead, the Town prepares an annual cost allocation plan to allocate indirect costs.