



**Financial Statements
December 31, 2021**

**Town of Vail, Colorado
Financial Report
December 31, 2021**

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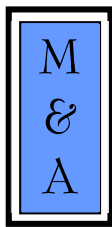
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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 Town of Vail, Colorado (the "Town"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Town of Vail, Colorado as of December 31, 2021, 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 U.S. GAAS, 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.

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

Required Supplementary Information (continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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*), section G (the Town's *Undertaking to Provide Continuing Disclosure*), and section H (the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information in sections F, G, and H 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 and H 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 U.S. GAAS. In our opinion, the information in section F and H 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain 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 on compliance.



McMahan and Associates, L.L.C.
Avon, Colorado
June 15, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Vail, Colorado

Management's Discussion and Analysis

December 31, 2021

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, 2021.

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 2020 fiscal year by \$366,685,739 (net position). Of this amount, \$2,907,000 is restricted for TABOR emergency reserves and \$65,681 is restricted by enabling legislation.
- The Town's total net position increased in the 2021 fiscal year by \$28,237,656 which was attributable to increase from governmental activities of \$25,818,913 and an increase of \$2,418,743 from business-type activities.
- At December 31, 2021, the fund balance of the General Fund was \$44,426,288. Of that amount, \$2,638,681 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 the Residences at Main Vail 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 in addition to three Special Revenue Funds – Capital Projects Fund, 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, Residences at Main Vail, 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 emergency service agencies throughout Eagle County. The Residences at Main Vail Fund is a new affordable housing project currently in the construction phase. 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 \$355,656,954 at the close of the most recent fiscal year. Approximately 60% 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 2021 and 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 163,486,038	\$ 138,765,293	\$ 22,602,783	\$ (1,734,041)	\$ 186,088,821	\$ 137,031,252
Capital assets(net)	231,973,028	210,788,979	14,578,162	10,702,659	246,551,190	221,491,638
Total assets	395,459,066	349,554,272	37,180,945	8,968,618	432,640,011	358,522,890
Long-term liabilities outstanding	6,474,977	7,005,639	25,044,886	91,238	31,519,863	7,096,877
Other liabilities	27,614,662	7,022,441	1,107,274	267,338	28,721,936	7,289,779
Total liabilities	34,089,639	14,028,080	26,152,160	358,576	60,241,799	14,386,656
Deferred inflows	5,712,474	5,688,151	-	-	5,712,474	5,688,151
Net Position:						
Invested in capital assets, net of related debt	238,640,028	202,668,094	6,698,682	4,236,166	245,338,710	206,904,260
Restricted	2,972,681	3,729,416	-	-	2,972,681	3,729,416
Unrestricted	114,044,245	106,874,803	4,330,103	4,373,876	118,374,348	111,248,679
Total net position	\$ 355,656,954	\$ 313,272,313	\$ 11,028,785	\$ 8,610,042	\$ 366,685,739	\$ 321,882,355

The Town's current assets and capital assets from governmental activities increased during 2021. Current assets increased mainly due cash and investments while capital assets increased mainly due to the construction of a new public works streets facility. Other major construction projects and asset additions during included a new roundabout on Frontage Road near the Lionshead parking structure, electric bus replacements, the completion of a new childcare facility, an electric bus station at the Town's public works facility, and Gore Creek water quality improvements.

The Town's long-term liabilities from governmental activities increased due to debt obligations. The Town took advantage of favorable interest rates and entered into a Site and Improvement Lease and a Lease Purchase Agreement to fund the construction of a new public works streets facility. The loan has an interest rate of 1.75% and will mature on December 1, 2035.

Current assets and long-term liabilities from business activities increased due to the issuance of Certificates of Participation to fund a new work force housing project, the Residences at Main Vail. In October, the Town issued \$22,260,000 of Certificates of Participation. The net interest rate on these certificates is 2.76% and mature on or after December 1, 2032. Construction for this project began in November of 2021 and it expected to be completed in the fall of 2023. The construction and financing of this project are accounted for in the new Residences at Main Vail Enterprise Fund.

The Timber Ridge Enterprise Fund notes payable to the Town mature in 2032 and 2033. In January 2021, the balance of the \$1.9M promissory note originally maturing in 2032 was paid in full, together with all accrued interest. The remaining \$8.0M promissory note is 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 2021 and 2020.

Town of Vail's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program Revenue						
Charges for services	\$ 12,647,587	\$ 9,311,518	\$ 3,729,914	\$ 3,733,375	\$ 16,377,501	\$ 13,044,893
Operating grants	6,093,673	5,460,373	1,232,521	888,198	7,326,194	6,348,571
Capital grants	550,383	239,620	1,671,020	-	2,221,403	239,620
General Revenue						
Property and ownership tax	12,810,956	12,798,822	-	-	12,810,956	12,798,822
Sales and lodging tax	44,091,421	31,493,497	-	-	44,091,421	31,493,497
Other taxes	20,780,677	16,360,699	-	-	20,780,677	16,360,699
Interest and other revenue	153,392	2,467,780	(620)	34,528	152,772	2,502,308
Miscellaneous	1,496,880	-	28,752	-	1,525,632	-
Transfers	(171,945)	-	171,945	-	-	-
Total Revenue	98,453,024	78,132,309	6,833,532	4,656,101	105,286,556	82,788,410
Expenses:						
General government	9,644,794	9,081,904	-	-	9,644,794	9,081,904
Public safety	13,472,097	12,547,484	3,123,920	2,722,565	16,596,017	15,270,049
Public works and transportation	24,951,014	22,869,246	-	-	24,951,014	22,869,246
Culture and recreation	15,212,155	9,234,985	-	-	15,212,155	9,234,985
Economic development	8,865,215	7,538,908	-	-	8,865,215	7,538,908
Housing	-	-	1,290,869	968,139	1,290,869	968,139
Interest	488,836	294,054	-	-	488,836	294,054
Total Expenses	72,634,111	61,566,581	4,414,789	3,690,704	77,048,900	65,257,285
Change in Net Position	25,818,913	16,565,728	2,418,743	965,397	28,237,656	17,531,125
Net Position January 1	329,838,041	313,272,313	8,610,042	7,644,645	338,448,083	320,916,958
Net Position December 31	\$ 355,656,954	\$ 329,838,041	\$ 11,028,785	\$ 8,610,042	\$ 366,685,739	\$ 338,448,083

Governmental Activities: Governmental activities increased the Town's net position by \$25,818,913, up nearly \$10.0 million or 56% from 2020 and \$6.3M or 32% from 2019, the last year not impacted by the COVID-19 pandemic. During 2021, the Town experienced a remarkable economic recovery after being impacted by the business closures and consumer hesitancy to fly on airplanes during the height of the pandemic. Outdoor recreation activity offerings and pent-up travel demand generated significant growth in a majority of the Town's major revenues sources, specifically sales tax, lift tax, and parking revenues. In addition, real estate transfer tax and construction use tax also experienced significant growth with an influx of buyers wanting to relocate from more urban areas and take advantage of remote work opportunities. The following items represent significant governmental activities during 2021:

- Sales Tax collections increased 38% or \$9.6M compared to prior year and 18% or \$5.3M compared to 2019. Sales tax revenues in January and February were impacted by a resurgence of COVID-19 which resulted in a combined decrease of 1.2M or 15% compared to prior year. However, beginning in March, the Town began experiencing record sales tax collections which continued through year end. Combined March through December sales tax collections totaled \$27.4M up \$11.0 or 67% compared to 2020 and up \$6.4M or 30% compared to 2019.
- Lodging tax was also saw record breaking collections beginning in March. Lodging tax collections totaled \$4.3M, a 40% or \$1.2M increase compared to 2020 and a 15% or \$558,057 increase compared to 2019.

Overview of the Financial Statements (continued)

Governmental Activities (continued):

- The Town collected a record-breaking \$13.4M of Real Estate Transfer Tax, a 28% or \$2.9M increase compared to prior year, a previous record year. Real estate sales have dramatically increased during the last two years of the pandemic, both in dollar volume and number of transactions. Over the two-year period, dollar volume of sales grew 73% and number of transactions grew 47%.
- Construction use tax also saw sizable growth during 2021. Collections totaled \$3.7M, a 77% or \$1.6M or increase compared to 2021 and a 49% \$1.2M increase compared to 2019.
- Lift tax increased 35% or \$1.4M over prior year and increased 3% or \$177,611 compared to 2019.
- Parking revenue rebounded after being negatively impacted by the pandemic. Parking revenues totaled \$7.1M, a 44% or \$2.2M increase compared to prior year and a 5% or \$339,446 increase compared to 2019.
- The Town was awarded \$3.6M Coronavirus Response and Relief Supplemental Appropriation for Transit Operations. \$1.8M of this grant was used during 2021. The remainder will be used in 2022.

Business-type Activities: Business-type activities are comprised of Timber Ridge Enterprise Fund, a fund providing affordable housing to people working in Vail, the Residences at Main Vail Enterprise Fund, a new affordable housing project currently in the construction phase, and Vail Public Safety Communications Center, an enterprise fund providing dispatch services to emergency service agencies throughout Eagle County. Additional information on the new Residences at Main Vail Enterprise Fund is included on page B6.

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 \$138,014,218 an increase of \$17,886,906 from the prior year's ending fund balances primarily due to increased tax revenues including sales tax, lodging tax, real estate tax, and use tax combined with conservative spending. The following details ending fund balances for Governmental Funds over the past five years:

Fund	2017	2018	2019	2020	2021
General Fund	\$29,289,331	\$33,888,140	\$36,306,665	\$38,547,757	\$44,426,288
Capital Projects Fund	32,761,887	46,845,813	50,099,177	53,843,487	59,841,742
Real Estate Transfer Tax	11,142,914	12,957,553	14,684,013	20,353,072	28,077,540
Vail Marketing Fund	323,606	303,241	386,835	387,124	409,749
Vail Local Marketing District	1,260,297	1,270,453	1,350,108	2,078,809	2,710,863
Vail Reinvestment Authority	3,064,772	2,259,307	2,582,892	4,917,063	2,548,036
Total	<u>\$75,823,574</u>	<u>\$89,161,687</u>	<u>\$89,555,750</u>	<u>\$120,127,312</u>	<u>\$138,014,218</u>

The General Fund ended 2021 with a fund balance of \$44,426,288, an increase of \$5,878,531 from prior year. The change in fund balance was mainly due to an increase of \$3.3M in tax revenues which included both sales tax and lift tax collections. Also contributing to the fund balance increase was increased parking revenues as well as construction related fees.

Financial Analysis of the Town's Funds (continued)

The Capital Projects Fund had a fund balance of \$59,841,742 at the end of 2021 and increase of \$5,998,255 from prior year mainly due to a \$7,901,222 increase in sales tax collections compared to prior year. This was partially offset by increased spending on large capital projects such as the InDeed housing program and other buy-down housing purchases, bus replacements, and a portion of the new public works streets facility not funded by the lease financing. The Capital Projects Fund also accounts for the debt service of a \$15.2M lease purchase agreement to finance the construction of the new streets building. The total cost of this project is \$18.9M. Additional information on the site lease can be found in the Notes to the Financial Statements on page D22.

The Real Estate Transfer Tax Fund ended 2021 with a fund balance of \$28,077,450, an increase of \$7,724,468 compared to prior year. The increase in fund balance is a result of increased real estate transfer tax collections combined with delayed timing of construction projects.

The Vail Local Marketing District ended the year with a fund balance of \$2,710,863, an increase of \$632,054, or 30% compared to prior year as a result of higher than expected lodging tax collections. Both an increase in visitation as well as higher lodging rates contributed to the growth in lodging tax.

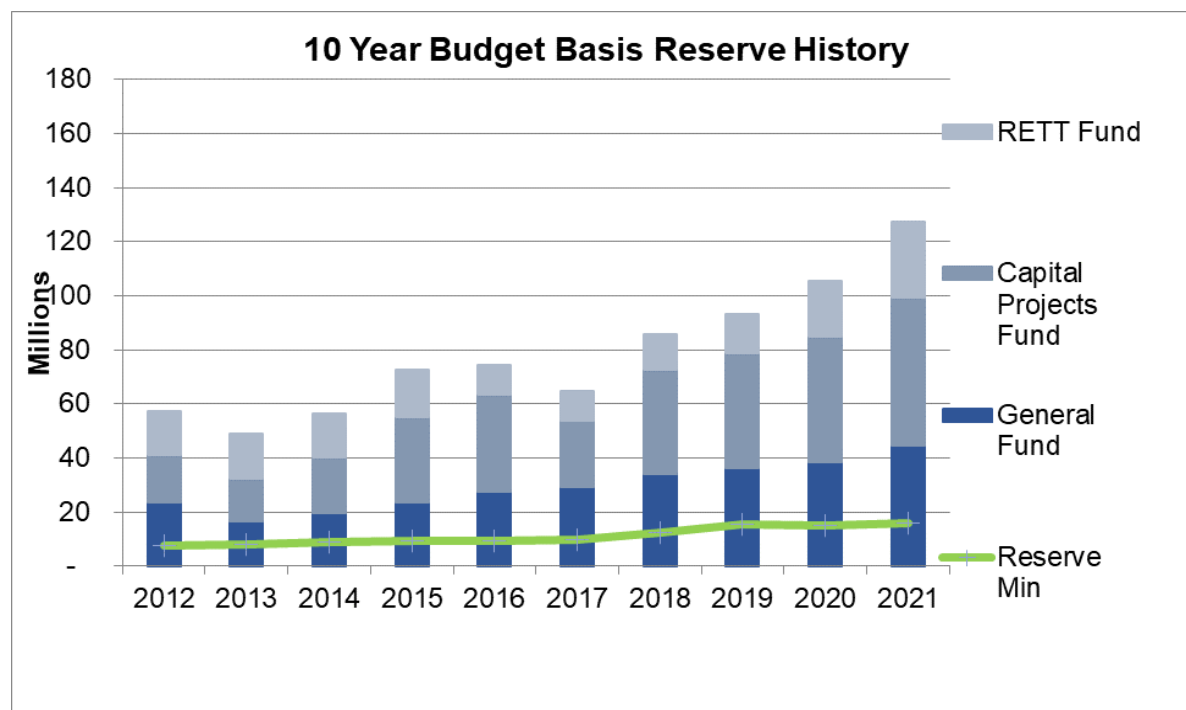
The Vail Reinvestment Authority (VRA) was added in 2004 to administer an urban renewal authority established in the Lionshead area of the Town. The incremental property taxes generated \$6.9M in 2020, providing a funding mechanism for capital improvements within the district by covering annual debt service payments of \$555K relating to \$11.9M in bonds issued in 2010. The bonds funded several projects including the Red Sandstone parking structure, the Sandstone Underpass, Zeke M. Piece Skate Park, and the new Lionshead Transit and Welcome Center. In June 2020, the Town took advantage of favorable interest rates, and the bonds were refunded with through a Tax Increment Revenue Refunding Loan. The loan will mature June 1, 2030. During 2021, the fund balance was used to fund large projects within the district including a new roundabout on Frontage Road near the parking structure and a new temporary childcare center located on the top level of the Lionshead parking structure.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

During 2021, the Town began construction on a 72-unit, one- and two-bedroom housing project, the Residences at Main Vail, to provide affordable rental housing to people who work in Vail. The construction, financing, and future operations for this housing project are accounted for in the Residences at Main Vail Enterprise Fund. This project is estimated to cost \$31.0M of which the majority is funded by \$22,260,000 of Certificates of Participation issued in October of 2021. Additional information on the Series 2021 Certificates of Participation is included in the Notes to the Financial Statements on page D22.

Reserves: The Town's reserves continue to be strong allowing for the cash funding on many recent capital projects. During 2021, the Town experienced a remarkable recovery after experiencing significant impacts to revenues in 2020 from the pandemic. Prior to 2021, the strong reserve levels had enabled Town Council to cash-fund all capital projects. This year, the Town took advantage of favorable interest rates and issued debt to construct workforce housing, the Residences at Main Vail and a new Public Works streets facility. While budget basis reserves at the end of 2021 were at \$160.5M, not all of that is available to be spent. The chart below provides a view of the Town's available fund balances across the General Fund, Capital Projects Fund, and Real Estate Transfer Tax Fund. Available reserves total approximately \$111.2M; however, they are expected to decrease to \$81.6M in 2022 with current ongoing projects.

Financial Analysis of the Town's Funds (continued)



Capital Assets: The Town's government-wide capital assets, net of accumulated depreciation, increased by \$21,184,049 in 2021. The largest capital asset addition was the construction of a new Public Works Streets facility. Other capital asset additions include four electric buses, electric bus charging infrastructure, a childcare facility, the first phase of construction of the Residences at Main Vail, and a new roundabout on Frontage Road to be completed in summer of 2022. The Town also invested \$929,562 in the Town's Vail InDeed deed restriction purchase program and added deed restrictions onto 12 homes for the community. The Town invested an additional \$2.2M to purchase units for the Town's buy-down housing program as well as Town of Vail employees housing units.

Long-term Debt: In 2021, the Town issued \$22,260,000 of Certificates of Participation to fund the Residences at Main Vail workforce housing project of which \$315,000 of principal is due within one year. The interest rates on the Series 2021 Certificates have an interest rate of 2.76% and are payable on June 1 and December 1 through 2051.

During 2021, the Town also entered into a Site and Improvement Lease and Lease purchase agreement to finance the construction of a new Public Works streets facility. The loan bears interest at 1.75% and are payable on June 1 and December 1 through 2035. At the end of the current fiscal year, the lease had a balance of \$14,245,000, of which \$905,000 of principal was due within one year.

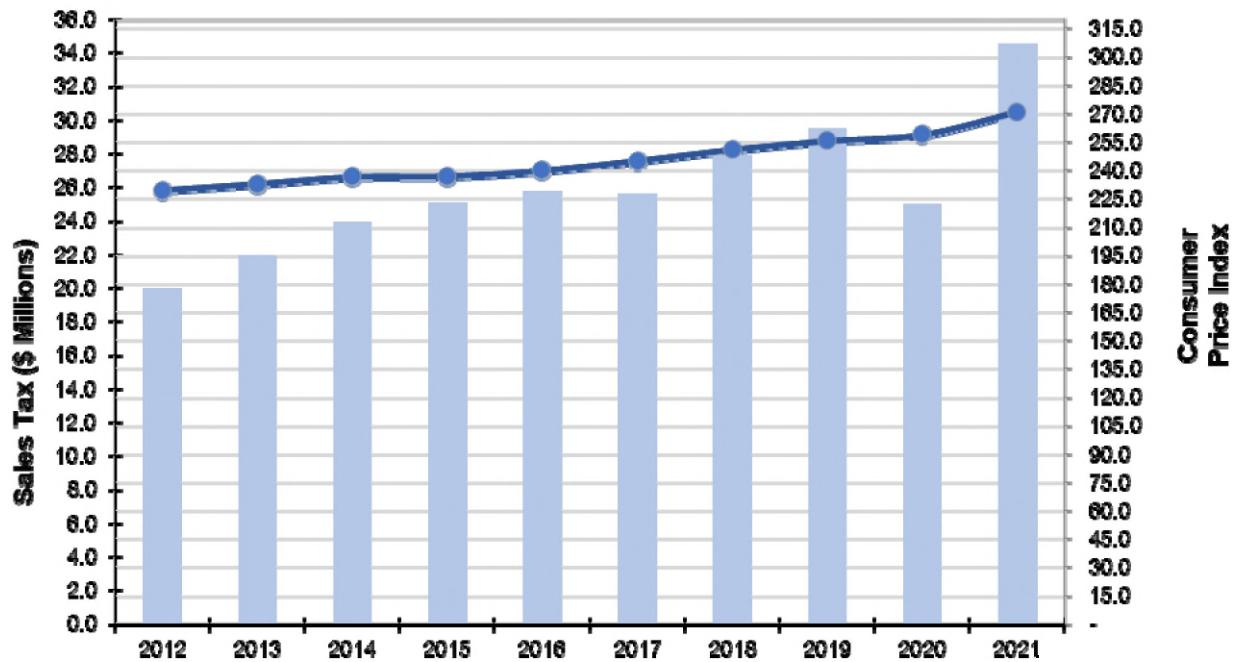
As of the end of the current fiscal year, the Vail Reinvestment Authority had \$5,768,000 of tax increment revenue refunding loan outstanding, of which \$612,000 of bond principal is due within one year.

Additional information regarding the Town and Authority's debt can be found in the Notes to the Financial Statements in footnote IV.G of this report.

Sales Tax: During 2021, the Town had a 4% general sales tax to support governmental operations, including capital expenditures. The Town experienced a 38% or \$9.6M increase in sales tax compared to prior year. Compared to 2019, the last year unimpacted by COVID-19, sales tax increased 18% or \$5.3M. During the 2021 November election, Vail voters approved a 0.5% increase in sales tax on all items, excluding food for home consumption. The increase in sales tax will begin to be collected beginning in January 2022 and is dedicated to funding housing initiatives, housing development, and housing programs. The following chart shows changes in the general sales tax for the past ten years.

Financial Analysis of the Town's Funds (continued)

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 \$44,426,288, representing 90% 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, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	127,614,824	1,825,904	129,440,728
Unrestricted cash and investments	12,733,846	1,206,683	13,940,529
Cash - Restricted	482,190	23,050,382	23,532,572
Receivables (net of allowance for uncollectible accounts):			
Property taxes assessed	5,712,474	-	5,712,474
Other taxes	9,306,881	-	9,306,881
Other governments	626,710	-	626,710
Other	743,956	464,634	1,208,590
Inventory	340,924	-	340,924
Prepaid expenses	64,235	12,884	77,119
Interest receivable	31,766	-	31,766
Internal balances	5,082,524	(5,082,524)	-
Rent receivable	-	1,124,820	1,124,820
Loans receivable:			
Collectible in more than one year	745,708	-	745,708
Capital assets not being depreciated	45,193,255	8,515,995	53,709,250
Capital assets being depreciated, net of accumulated depreciation	186,779,773	6,062,167	192,841,940
Total Assets	395,459,066	37,180,945	432,640,011
Liabilities:			
Accounts payable	5,939,985	397,475	6,337,460
Due to other governments	267,994	-	267,994
Retainage payable	1,190,557	-	1,190,557
Accrued salaries and wages	1,069,227	47,380	1,116,607
Interest payable	26,613	114,947	141,560
Other unearned revenue	3,452,367	59,134	3,511,501
Deposits payable	245,641	139,200	384,841
Compensated absences:			
Due within one year	565,277	34,138	599,415
Due in more than one year	1,318,977	79,656	1,398,633
Bonds payable:			
Due within one year	612,000	315,000	927,000
Due in more than one year	5,156,000	24,965,230	30,121,230
Capital lease obligation:			
Due within one year	905,000	-	905,000
Due in more than one year	13,340,000	-	13,340,000
Total Liabilities	34,089,638	26,152,160	60,241,798
Deferred Inflow of Resources:			
Unavailable property taxes	5,712,474	-	5,712,474
Net Position:			
Net investment in capital assets	238,640,028	6,698,682	245,338,710
Restricted for:			
Emergencies	2,907,000	-	2,907,000
Other purposes	65,681	-	65,681
Unrestricted	114,044,245	4,330,103	118,374,348
Total Net Position	355,656,954	11,028,785	366,685,739

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

Town of Vail, Colorado
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General government	9,644,794	4,509,487	-	(731,206)		(731,206)
Public safety	13,472,097	265,478	-	(13,206,619)		(13,206,619)
Public works and transportation	24,951,014	7,234,401	550,383	(15,600,062)		(15,600,062)
Culture and recreation	15,212,155	297,733	-	(14,791,018)		(14,791,018)
Economic development	8,865,215	340,488	-	(8,524,727)		(8,524,727)
Interest on long-term debt	488,836	-	-	(488,836)		(488,836)
Total - Governmental Activities	72,634,111	12,647,587	550,383	(53,342,468)		(53,342,468)
Business-type Activities:						
Dispatch services	3,123,920	1,840,442	-		(50,957)	(50,957)
Housing (Timber Ridge)	939,127	1,889,472	-		950,345	950,345
Residences at Main Vail	351,742	-	1,671,020		1,319,278	1,319,278
Total - Business-type Activities	4,414,789	3,729,914	1,671,020		2,218,666	2,218,666
Totals	77,048,900	16,377,501	2,221,403	(53,342,468)	2,218,666	(51,123,802)
General Revenues:						
Taxes:						
Sales and use taxes				39,814,692	-	39,814,692
Real estate transfer taxes				13,371,555	-	13,371,555
Lodging taxes				4,276,729	-	4,276,729
Property and specific ownership taxes				12,810,956	-	12,810,956
Ski area lift ticket admissions tax				5,518,890	-	5,518,890
Franchise taxes				1,353,312	-	1,353,312
Tobacco taxes				536,920	-	536,920
Investment earnings				153,392	(620)	152,772
Miscellaneous				1,496,880	28,752	1,525,632
Transfers				(171,945)	171,945	-
Total - General Revenues and Transfers				79,161,381	200,077	79,361,458
Change in Net Position				25,818,913	2,418,743	28,237,656
Net Position - January 1				329,838,041	8,610,042	338,448,083
Net Position - December 31				355,656,954	11,028,785	366,685,739

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



FUND FINANCIAL STATEMENTS

Town of Vail, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	Special Revenue Funds				Capital Projects Funds		
	General Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Real Estate Transfer Tax Fund	Total Governmental Funds
Assets:							
Equity in pooled cash and investments	38,309,333	1,076,152	-	-	53,031,804	27,765,742	120,183,031
Cash and cash equivalents - Unrestricted	13,892	-	2,641,306	10,078,648	-	-	12,733,846
Receivables, net:							
Property taxes assessed	5,712,474	-	-	-	-	-	5,712,474
Other taxes	7,393,866	-	1,065,475	-	-	847,540	9,306,881
Other governments	324,034	-	-	-	281,917	20,759	626,710
Other	597,478	-	-	4,479	81,344	10,962	694,263
Due from other funds	120,007	-	-	-	7,410,723	-	7,530,730
Loans receivable	745,708	-	-	-	5,082,524	-	5,828,232
Prepaid expenses	4,135	-	-	-	-	-	4,135
Total Assets	53,220,927	1,076,152	3,706,781	10,083,127	65,888,312	28,645,003	162,620,302
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	900,016	490,786	995,918	4,361	2,757,869	137,343	5,286,293
Due to other governments	29,511	13,588	-	-	20,558	204,337	267,994
Due to other funds	-	-	-	7,530,730	-	-	7,530,730
Retainage payable	-	-	-	-	1,177,472	13,085	1,190,557
Accrued payroll and related liabilities	920,028	-	-	-	-	-	920,028
Unearned revenue	986,969	162,029	-	-	2,090,671	212,698	3,452,367
Deposits payable	245,641	-	-	-	-	-	245,641
Total Liabilities	3,082,165	666,403	995,918	7,535,091	6,046,570	567,463	18,893,610
Deferred Inflows of Resources:							
Property taxes	5,712,474	-	-	-	-	-	5,712,474
Fund Balances:							
Non-spendable	749,843	-	-	-	5,082,524	-	5,832,367
Restricted	2,638,681	-	129,000	205,000	-	-	2,972,681
Committed	17,185,140	409,749	2,581,863	-	49,815,806	28,077,540	98,070,098
Assigned	-	-	-	2,343,036	4,943,412	-	7,286,448
Unassigned	23,852,624	-	-	-	-	-	23,852,624
Total Fund Balances	44,426,288	409,749	2,710,863	2,548,036	59,841,742	28,077,540	138,014,218
Total Liabilities and Fund Balances	53,220,927	1,076,152	3,706,781	10,083,127	65,888,312	28,645,003	

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.	226,411,932
Other long-term assets and unearned charges are not available as current financial resources and, therefore, are not reported in the funds.	513,957
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.	12,711,375
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.	(21,994,528)
Net Position of Governmental Activities	355,656,954

Town of Vail, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds				Capital Projects Funds		Total Governmental Funds
	General Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Real Estate Transfer Tax Fund	
Revenues:							
Taxes	30,336,299	-	4,276,729	6,789,616	21,699,853	13,371,555	76,474,052
Permits and licenses	2,924,982	340,488	-	-	74,491	-	3,339,961
Intergovernmental revenue	5,408,338	-	-	-	1,999,160	78,914	7,486,412
Charges for services	9,836,972	-	-	-	163,909	260,923	10,261,804
Investment income	100,880	239	281	31,824	50,449	(22,055)	161,618
Miscellaneous	492,929	-	2,970	-	73,442	83,299	652,640
Total Revenues	<u>49,100,400</u>	<u>340,727</u>	<u>4,279,980</u>	<u>6,821,440</u>	<u>24,061,304</u>	<u>13,772,636</u>	<u>98,376,487</u>
Expenditures:							
General government	8,884,713	-	-	-	-	-	8,884,713
Public safety	12,378,398	-	-	-	-	288,558	12,666,956
Public works and transportation	16,572,926	-	-	-	39,634,350	2,199,610	58,406,886
Culture and recreation	1,304,625	-	-	-	-	3,560,000	4,864,625
Economic development	1,781,243	2,318,102	3,647,926	1,089,428	-	-	8,836,699
Debt service:							
Principal	-	-	-	618,000	945,000	-	1,563,000
Interest	-	-	-	72,316	210,905	-	283,221
Total Expenditures	<u>40,921,905</u>	<u>2,318,102</u>	<u>3,647,926</u>	<u>1,779,744</u>	<u>40,790,255</u>	<u>6,048,168</u>	<u>95,506,100</u>
Excess (Deficiency) of Revenues Over Expenditures	8,178,495	(1,977,375)	632,054	5,041,696	(16,728,951)	7,724,468	2,870,387
Other Financing Sources (Uses):							
Sale of assets	17,963	-	-	-	165,766	-	183,729
Debt proceeds, net	-	-	-	-	15,190,000	-	15,190,000
Debt issuance costs	-	-	-	-	(185,265)	-	(185,265)
Transfers in	-	2,000,000	-	-	7,556,705	-	9,556,705
Transfers (out)	(2,317,927)	-	-	(7,410,723)	-	-	(9,728,650)
Total Other Financing Sources (Uses)	<u>(2,299,964)</u>	<u>2,000,000</u>	<u>-</u>	<u>(7,410,723)</u>	<u>22,727,206</u>	<u>-</u>	<u>15,016,519</u>
Net Change in Fund Balances	5,878,531	22,625	632,054	(2,369,027)	5,998,255	7,724,468	17,886,906
Fund Balances - January 1	<u>38,547,757</u>	<u>387,124</u>	<u>2,078,809</u>	<u>4,917,063</u>	<u>53,843,487</u>	<u>20,353,072</u>	<u>120,127,312</u>
Fund Balances - December 31	<u>44,426,288</u>	<u>409,749</u>	<u>2,710,863</u>	<u>2,548,036</u>	<u>59,841,742</u>	<u>28,077,540</u>	<u>138,014,218</u>

Net Change in Fund Balances of Governmental Funds 17,886,906

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 and transfers, for the year. 21,162,389

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. 464,205

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. 1,563,000

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. By contrast, debt proceeds provide current financial resources to governmental funds, but have no effect on net position. (15,117,030)

Some expenses reported in the Statement of Activities - such as changes in accrued interest and compensated absences - do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (140,557)

Change in Net Position of Governmental Activities 25,818,913

Town of Vail, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2021

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	TOTAL	
Assets:					
Current Assets:					
Equity in pooled cash and investments	-	1,825,904	-	1,825,904	7,431,793
Cash and cash equivalents - Unrestricted	1,206,683	-	-	1,206,683	-
Accounts receivable, net of allowance for uncollectibles	7,107	457,527	-	464,634	49,693
Inventory	-	-	-	-	340,924
Prepaid expenses	259	12,625	-	12,884	60,100
Total - Current Assets	1,214,049	2,296,056	-	3,510,105	7,882,510
Non-current Assets:					
Cash and cash equivalents - Restricted	139,201	-	22,911,181	23,050,382	-
Rent receivable	1,124,820	-	-	1,124,820	-
Property, plant, and equipment, net of accumulated depreciation	9,349,067	1,112,600	4,116,495	14,578,162	5,561,096
Total - Non-current Assets	10,613,088	1,112,600	27,027,676	38,753,364	5,561,096
Total Assets	11,827,137	3,408,656	27,027,676	42,263,469	13,443,606
Liabilities:					
Current Liabilities:					
Accounts payable	29,366	23,383	344,726	397,475	653,693
Accrued salaries and wages	-	47,380	-	47,380	24,199
Interest payable	31,766	-	83,181	114,947	-
Unearned revenue	59,134	-	-	59,134	-
Deposits payable	139,200	-	-	139,200	-
Current portion of bonds payable	-	-	315,000	315,000	-
Current portion of notes payable	389,728	-	-	389,728	-
Current portion of compensated absences	-	34,138	-	34,138	16,302
Total - Current Liabilities	649,194	104,901	742,907	1,497,002	694,194
Non-current Liabilities:					
Bonds payable, net of current portion	-	-	24,965,230	24,965,230	-
Notes payable, net of current portion	4,692,796	-	-	4,692,796	-
Compensated absences, net of current portion	-	79,656	-	79,656	38,037
Total - Non-current Liabilities	4,692,796	79,656	24,965,230	29,737,682	38,037
Total Liabilities	5,341,990	184,557	25,708,137	31,234,684	732,231
Net Position:					
Net investment in capital assets	4,266,543	1,112,600	1,319,539	6,698,682	5,561,096
Unrestricted	2,218,604	2,111,499	-	4,330,103	7,150,279
Total Net Position	6,485,147	3,224,099	1,319,539	11,028,785	12,711,375

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, 2021

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	TOTAL	
Operating Revenues:					
Charges for services - Internal	-	616,306	-	616,306	7,917,947
Charges for services - External	-	1,224,136	-	1,224,136	901,513
Rents	1,734,323	-	-	1,734,323	-
Ground lease	155,149	-	-	155,149	-
Insurance reimbursements	-	-	-	-	50
Other	28,752	-	-	28,752	20,153
Total Operating Revenues	1,918,224	1,840,442	-	3,758,666	8,839,663
Operating Expenses:					
Operations	501,148	2,935,590	-	3,436,738	2,495,500
Health claims and premiums	-	-	-	-	5,222,030
Depreciation	361,028	188,330	-	549,358	837,830
Total Operating Expenses	862,176	3,123,920	-	3,986,096	8,555,360
Operating Income (Loss)	1,056,048	(1,283,478)	-	(227,430)	284,303
Non-Operating Revenues (Expenses):					
Intergovernmental revenues	-	1,232,521	-	1,232,521	3,569
Gain (loss) on disposal of assets	-	-	-	-	182,159
Investment income	114	(995)	261	(620)	(5,826)
Interest expense	(76,951)	-	(83,181)	(160,132)	-
Financing fees	-	-	(268,561)	(268,561)	-
Total Non-Operating Revenues (Expenses)	(76,837)	1,231,526	(351,481)	803,208	179,902
Income (Loss) Before Transfers and Capital Contributions	979,211	(51,952)	(351,481)	575,778	464,205
Transfers, net	-	171,945	-	171,945	-
Capital Contributions, net	-	-	1,671,020	1,671,020	-
Change in Net Position	979,211	119,993	1,319,539	2,418,743	464,205
Net Position - January 1	5,505,936	3,104,106	-	8,610,042	12,247,170
Net Position - December 31	6,485,147	3,224,099	1,319,539	11,028,785	12,711,375

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, 2021

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	TOTAL	
Cash Flows From Operating Activities:					
Cash received from other funds	-	616,306	-	616,306	7,917,947
Cash received from tenants for rent	1,917,456	-	-	1,917,456	-
Other cash receipts	28,752	769,707	-	798,459	952,164
Cash paid for goods and services	(498,560)	(783,790)	344,727	(937,623)	(6,662,733)
Cash paid to employees	-	(2,188,629)	-	(2,188,629)	(1,035,904)
Net Cash Provided (Used) by Operating Activities	1,447,648	(1,586,406)	344,727	205,969	1,171,474
Cash Flows From Non-Capital Financing Activities:					
Transfer (to) other funds	(2,283,969)	-	-	(2,283,969)	-
Transfer from other funds	-	171,945	-	171,945	-
Cash received from operating grants	-	1,232,521	-	1,232,521	3,569
Net Cash Provided (Used) by Non-Capital Financing Activities	(2,283,969)	1,404,466	-	(879,503)	3,569
Cash Flows From Capital and Related Financing Activities:					
Cash received on disposal of fixed assets	-	-	-	-	215,261
Cash received from bond issuance	-	-	25,280,230	25,280,230	-
Capital contributions	-	-	1,671,020	1,671,020	-
Interest paid	(79,351)	-	-	(79,351)	-
Financing fees paid	-	-	(268,561)	(268,561)	-
Acquisition and construction of capital assets	(11,217)	(297,151)	(4,116,496)	(4,424,864)	(892,592)
Net Cash Provided (Used) by Capital and Related Financing Activities	(90,568)	(297,151)	22,566,193	22,178,474	(677,331)
Cash Flows From Investing Activities:					
Interest on investments	114	(995)	261	(620)	(5,826)
Net Cash Provided (Used) by Investing Activities	114	(995)	261	(620)	(5,826)
Net Increase (Decrease) in Cash and Cash Equivalents	(926,775)	(480,086)	22,911,181	21,504,320	491,886
Cash and Cash Equivalents - January 1	2,272,659	2,305,990	-	4,578,649	6,939,907
Cash and Cash Equivalents - December 31	1,345,884	1,825,904	22,911,181	26,082,969	7,431,793
Cash and Cash Equivalents at December 31 is Comprised of:					
Equity in pooled cash and investments	-	1,825,904	-	1,825,904	7,431,793
Cash and cash equivalents - Unrestricted	1,206,683	-	-	1,206,683	-
Cash and cash equivalents - Restricted	139,201	-	22,911,181	23,050,382	-
Total - Cash and Cash Equivalents	1,345,884	1,825,904	22,911,181	26,082,969	7,431,793
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income/(Loss)	1,056,048	(1,283,478)	-	(227,430)	284,303
Adjustments:					
Depreciation	361,028	188,330	-	549,358	837,830
(Increase) decrease in accounts receivable	-	(454,429)	-	(454,429)	30,448
(Increase) decrease in rent receivable	(81,429)	-	-	(81,429)	-
(Increase) decrease in inventory	-	-	-	-	2,580
(Increase) decrease in prepaid expenses	(52)	(12,625)	-	(12,677)	(59,600)
Increase (decrease) in accounts payable	2,640	(5,855)	344,727	341,512	74,446
Increase (decrease) in tenant security deposits	50,516	-	-	50,516	-
Increase (decrease) in prepaid rent	58,897	-	-	58,897	-
Increase (decrease) in accrued wages and benefits	-	(18,349)	-	(18,349)	1,467
Total Adjustments	391,600	(302,928)	344,727	433,399	887,171
Net Cash Provided (Used) by Operating Activities	1,447,648	(1,586,406)	344,727	205,969	1,171,474
Non-cash Investing, Capital and Financing Activities:					
Assets contributed by Capital Projects Fund	-	-	1,671,020	1,671,020	-

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

Town of Vail, Colorado
Pension Trust Funds
Statement of Fiduciary Net Position
December 31, 2021

	Pension Trust	Deferred Compensation Plan
Assets:		
Cash and investments - Restricted	98,320,907	26,485,305
Loans to participants	523,877	-
Total Assets	<u>98,844,784</u>	<u>26,485,305</u>
Net Position:		
Held in trust for pension benefits and other purposes	98,844,784	26,485,305
Total Net Position	<u><u>98,844,784</u></u>	<u><u>26,485,305</u></u>

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

Town of Vail, Colorado
Pension Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	Pension Trust	Deferred Compensation Plan
Additions:		
Contributions:		
Contributions	4,070,649	1,736,874
Net investment earnings:		
Investment earnings	12,516,847	3,139,312
Investment expenses	(153,566)	(28,687)
Net investment earnings	<u>12,363,281</u>	<u>3,110,625</u>
Total Additions	<u>16,433,930</u>	<u>4,847,499</u>
Deductions:		
Benefits paid	<u>4,531,162</u>	<u>1,034,488</u>
Total Deductions	<u>4,531,162</u>	<u>1,034,488</u>
Change in Net Position	11,902,768	3,813,011
Net Position - January 1	<u>86,942,016</u>	<u>22,672,294</u>
Net Position - December 31	<u><u>98,844,784</u></u>	<u><u>26,485,305</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, 2021

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 ("VLMD"), and Vail Reinvestment Authority ("VRA"). 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

VLMD 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 VLMD's Board of Directors. VLMD is reported as a special revenue fund.

2. Vail Reinvestment Authority

VRA 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 VRA 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. VRA is reported as a special revenue fund.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(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, 2021, 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, Residences at Main Vail, 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, 2021
(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 *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 VLMD's activities.

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

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 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.

The *Residences at Main Vail Fund* accounts for the 72 one- and two-bedroom unit rental housing project currently being constructed in the Town.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(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.

Fiduciary 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 fiduciary 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, 2021
(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, 2021
(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, 2021
(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 exceeding 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 engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete are capitalized. Interest incurred during the construction phase is expensed as incurred.

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, 2021
(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. 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, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation (continued)

11. 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.K.

	<u>General Fund</u>	<u>Vail Marketing Fund</u>	<u>Vail Local Marketing District</u>	<u>Vail Reinvestment Authority</u>	<u>Capital Projects Fund</u>	<u>Real Estate Transfer Tax Fund</u>
Non-spendable:						
Non-current receivables	\$ 745,708	\$ -	\$ -	\$ -	\$ -	\$ -
Loans to other funds	-	-	-	-	5,082,524	-
Prepaid items	4,135	-	-	-	-	-
Total - Non-spendable	<u>749,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,082,524</u>	<u>-</u>
Restricted:						
TABOR emergency reserve	2,573,000	-	129,000	205,000	-	-
Police funds	65,681	-	-	-	-	-
Total - Restricted	<u>2,638,681</u>	<u>-</u>	<u>129,000</u>	<u>205,000</u>	<u>-</u>	<u>-</u>
Committed:						
Capital projects	-	-	-	-	44,497,214	-
Parks and recreation	-	-	-	-	-	28,077,540
Housing	-	-	-	-	5,318,592	-
Operating reserve	17,185,140	-	-	-	-	-
Destination marketing	-	409,749	2,581,863	-	-	-
Total - Committed	<u>17,185,140</u>	<u>409,749</u>	<u>2,581,863</u>	<u>-</u>	<u>49,815,806</u>	<u>28,077,540</u>
Assigned:						
Capital maintenance	-	-	-	-	4,943,412	-
Debt service	-	-	-	2,343,036	-	-
Total - Assigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,343,036</u>	<u>\$ 4,943,412</u>	<u>\$ -</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(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 Town'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 total fund balances of 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 \$226,411,932 difference is related to property, plant and equipment of \$402,468,223 less accumulated depreciation of \$176,056,291.

Another element of that reconciliation explains "*Other long-term assets and unearned charges are not available as current financial resources and, therefore, are not reported in the funds.*" This \$513,957 difference is comprised of pension forfeitures of \$482,191 and interest receivable of \$31,766.

Net position totaling \$12,711,375 for internal service funds used by management to charge the costs of heavy equipment and health insurance to individual funds is included in the governmental activities in the Statement of Net Position.

Additionally, the reconciliation states that "*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.*" This \$21,994,528 difference is related to bonds and notes payable of \$20,013,000; accrued compensated absences of \$1,829,915; retirement bonus payable of \$125,000; and interest payable of \$26,613.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(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 a reconciliation between the net change in fund balances of governmental funds and the change 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.*” This \$21,162,389 difference is comprised of capital outlay of \$33,807,753 less depreciation expense of \$11,685,130; net book value of disposed assets of \$789,214 and net book value of transferred assets of \$171,020.

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 Timber Ridge Enterprise Fund, the Dispatch Services Enterprise Fund, the Residences at Main Vail Enterprise Fund, and the Heavy Equipment Internal Service Fund. As required by Colorado statutes, all funds have legally adopted budgets and appropriations. Total expenditures for each fund may not exceed the amounts appropriated. Appropriations for a fund may be increased if offset by unanticipated revenues. 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:

	Timber Ridge Enterprise Fund	Dispatch Services Fund	Residences at Main Vail Fund	Heavy Equipment Fund
Change in Net Position - Budget Basis	\$ (954,946)	\$ (4,516)	\$ 22,539,574	\$ 214,820
add/(less):				
Capital contributions	-	-	1,671,020	-
Loan principal repayment to Capital Projects Fund	2,283,969	-	-	-
Bond proceeds	-	-	(22,260,000)	-
Bond premium	-	-	(3,076,530)	-
Change in accrued compensated absences	-	15,688	-	(1,991)
Capitalized assets	11,216	297,151	2,445,475	892,592
Net book value of disposed assets	-	-	-	(33,102)
Depreciation	(361,028)	(188,330)	-	(837,830)
Change in Net Position - GAAP Basis	<u>\$ 979,211</u>	<u>\$ 119,993</u>	<u>\$ 1,319,539</u>	<u>\$ 234,489</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The Town followed these procedures in preparing, approving, and enacting its budget for 2021:

- (1) For the 2021 budget year, prior to August 25, 2020, 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 2020 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2020, 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.

Property taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2020 were collected in 2021 and taxes certified in 2021 will be collected in 2022. 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.

VLMD's budget timetable varies from the Town's. VLMD followed these procedures in preparing, approving, and enacting its budget for 2021:

- (1) On or before September 30, 2020, VLMD must submit to the Board a recommended budget that details the revenues necessary to meet VLMD's operating requirements. This was done on September 15, 2020.
- (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, 2020. The Board adopted the 2021 budget on December 1, 2020.
- (3) After adoption of the initial budget resolution, VLMD may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

During the year, supplemental appropriations were necessary for certain of the funds of the Town, VLMD, and VRA. The budgetary comparison schedules reflect the original budget and the final budget after legally authorized revisions were made.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. 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, 2021 fund balance in the General Fund and the Vail Reinvestment Authority Fund for this purpose in the amounts of \$2,573,000 and \$205,000, respectively, which are the approximate required reserves.

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.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment – Vail Local Marketing District

As required by TABOR, VLMD has reserved \$129,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2021.

The ballot question approved by VLMD voters on November 2, 1999, which established the 1.4% tax on lodging within the Town's boundaries, also authorized VLMD 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.

VLMD'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 \$23,799,529. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2021.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

At December 31, 2021, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair Value:</u>	<u>Fair Value Measurements Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 9,298,205	\$ -	\$ 9,298,205	\$ -
Mortgage pools	25,785,310	-	-	25,785,310
Total	\$ 35,083,515	\$ -	\$ 9,298,205	\$ 25,785,310

<u>Investments Measured at Net Asset Value:</u>	
COLOTRUST	<u>\$ 70,526,927</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 an appraisal service.

Pools: The Town has invested in the Colorado Government Liquid Asset Trust ("COLOTRUST"), which is an investment vehicle established for local government entities in Colorado to pool surplus funds. 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.

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	32%

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

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

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Cash on hand			\$ 1,980
Demand deposits			61,301,408
Certificates of deposit		<1 year	4,595,274
Certificates of deposit		<5 years	4,702,931
Total - Deposits			<u>\$ 70,601,593</u>
Investments:			
Mortgage pools	AA+	N/A	\$ 25,785,310
COLOTRUST	AAAm	N/A	70,526,927
Pension and Section 457 investments	N/A	N/A	125,330,089
Total - Investments			<u>\$ 221,642,325</u>
Total deposits and investments			<u><u>\$ 292,243,918</u></u>
Reconciliation to Statement of Net Position:			
Equity in pooled cash and investments			\$ 129,440,728
Cash and cash equivalents - Unrestricted			13,940,529
Cash and cash equivalents - Restricted			23,532,572
Fiduciary funds			125,330,089
Total			<u><u>\$ 292,243,918</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, 2021
(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	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Capital Projects Fund	Real Estate Transfer Tax Fund
Receivables:						
Property taxes	\$ 5,712,474	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	7,393,866	-	1,065,475	-	-	847,540
Other governments	324,034	-	-	-	281,917	20,759
Other	598,478	-	-	4,479	81,344	10,962
Receivables - Gross	14,028,852	-	1,065,475	4,479	363,261	879,261
Less: Allowance for uncollectibles	(1,000)	-	-	-	-	-
Receivables, net	\$ 14,027,852	\$ -	\$ 1,065,475	\$ 4,479	\$ 363,261	\$ 879,261

	Timber Ridge	Dispatch Services Fund	Heavy Equipment Fund	Health Insurance Fund	Total
Receivables:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,712,474
Other taxes	-	-	-	-	9,306,881
Other governments	-	-	-	-	626,710
Other	7,107	457,527	49,693	-	1,209,590
Receivables - Gross	7,107	457,527	49,693	-	16,855,655
Less: Allowance for uncollectibles	-	-	-	-	(1,000)
Receivables, net	\$ 7,107	\$ 457,527	\$ 49,693	\$ -	\$ 16,854,655

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 \$3,452,367 and is comprised of the following:

	General Fund	Vail Marketing Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Total
Unearned revenues:					
Business licenses	\$ -	\$ 162,029	\$ -	\$ -	\$ 162,029
Art projects	-	-	-	32,431	32,431
Environmental programs	-	-	-	180,267	180,267
Federal grants	682,917	-	-	-	682,917
Parking fees	99,376	-	-	-	99,376
Library grants	131,192	-	-	-	131,192
Police programs	73,484	-	-	-	73,484
Construction projects	-	-	2,090,671	-	2,090,671
	\$ 986,969	\$ 162,029	\$ 2,090,671	\$ 212,698	\$ 3,452,367

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Unearned revenue for construction projects in the Capital Projects Fund includes \$352,314 collected from Holy Cross Energy for community enhancement to place utilities underground. The other \$1,723,358 was collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

Loans receivable at December 31, 2021 are comprised of amounts due under the Town's EHOP Program, which assists qualified full-time Town employees with the purchase of a primary residence within certain geographic boundaries, by providing secured, non-interest bearing loans. Repayment of loans made under the EHOP Program is over a maximum 15-year term, including 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, 2021 was \$745,708.

C. Capital Assets

Capital asset activity for the Town's governmental activities during 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 24,985,209	\$ -	\$ (171,020)	\$ 24,814,189
Art	3,019,864	18,600	-	3,038,464
Construction in process	9,150,005	664,605	(7,959,211)	1,855,399
Intangibles	14,494,942	990,261	-	15,485,203
Total Capital Assets, Not Being Depreciated	<u>51,650,020</u>	<u>1,673,466</u>	<u>(8,130,231)</u>	<u>45,193,255</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	112,960,746	25,901,624	(5,692,541)	133,169,829
Infrastructure and improvements	172,568,504	8,305,201	-	180,873,705
Equipment and vehicles	52,588,814	6,779,264	(1,882,002)	57,486,076
Total Capital Assets Being Depreciated	<u>338,118,064</u>	<u>40,986,089</u>	<u>(7,574,543)</u>	<u>371,529,610</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(62,115,966)	(2,701,370)	4,918,491	(59,898,845)
Infrastructure and improvements	(85,171,565)	(6,049,923)	-	(91,221,488)
Equipment and vehicles	(31,691,574)	(3,771,667)	1,833,737	(33,629,504)
Total Accumulated Depreciation	<u>(178,979,105)</u>	<u>(12,522,960)</u>	<u>6,752,228</u>	<u>(184,749,837)</u>
Total Capital Assets Being Depreciated, Net	<u>159,138,959</u>	<u>28,463,129</u>	<u>(822,315)</u>	<u>186,779,773</u>
Governmental Activities Capital Assets, Net	<u>\$ 210,788,979</u>	<u>\$ 30,136,595</u>	<u>\$ (8,952,546)</u>	<u>\$ 231,973,028</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the Town's business-type activities during 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,399,500	\$ 171,020	\$ -	\$ 4,570,520
Construction in process	-	3,945,475	-	3,945,475
Total Capital Assets, Not Being Depreciated	<u>4,399,500</u>	<u>4,116,495</u>	<u>-</u>	<u>8,515,995</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	9,429,160	-	-	9,429,160
Infrastructure and improvements	874,696	11,216	-	885,912
Equipment	2,495,649	297,150	-	2,792,799
Total Capital Assets Being Depreciated	<u>12,799,505</u>	<u>308,366</u>	<u>-</u>	<u>13,107,871</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4,731,312)	(314,379)	-	(5,045,691)
Infrastructure and improvements	(273,165)	(46,649)	-	(319,814)
Equipment	(1,491,869)	(188,330)	-	(1,680,199)
Total Accumulated Depreciation	<u>(6,496,346)</u>	<u>(549,358)</u>	<u>-</u>	<u>(7,045,704)</u>
Total Capital Assets Being Depreciated, Net	<u>6,303,159</u>	<u>(240,992)</u>	<u>-</u>	<u>6,062,167</u>
Business-type Activities Capital Assets, Net	<u>\$ 10,702,659</u>	<u>\$ 3,875,503</u>	<u>\$ -</u>	<u>\$ 14,578,162</u>

Depreciation expense for 2021 was charged to functions of the Town as follows:

Governmental Activities:

General government	\$ 667,690
Public safety	534,865
Public works and transportation	8,973,849
Culture and recreation	2,346,556
Total Depreciation Expense - Governmental Activities	<u>\$ 12,522,960</u>

Business-type Activities:

Dispatch services	\$ 188,330
Housing	361,028
Total Depreciation - Business-type Activities	<u>\$ 549,358</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, 2021, the Town had \$79,371,546 of fully-depreciated assets.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

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, 2021, rent receivable accrued in the Timber Ridge Enterprise Fund was \$1,124,820. No payments are due from Lion's Ridge until 2025.

F. Interfund Receivables, Payables, and Transfers

At December 31, 2021, VRA owed the Capital Projects Fund \$7,410,723 for the construction of a roundabout on South Frontage Road near the Lionshead Parking Structure, a temporary childcare center on the upper level of the Lionshead Parking Structure, a new bus shelter at the Transit Center, and repairs to the Lionshead Parking Structure.

The following promissory notes payable from the Timber Ridge Enterprise Fund to the Town – which aggregate to \$5,082,524 as of December 31, 2021 – are reflected as internal balances between the governmental activities and business-type activities categories on the Statement of Net Position:

- Promissory notes with principal balances totaling \$1.9 million, bearing interest at 1.5% per annum, and maturing in December 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.

In January 2021, the balance of the \$1.9 million notes, together with all accrued interest, was paid in full.

- A promissory note with an original principal balance of \$8 million, which bears interest at 1.5% per annum, with blended annual payments, and maturing in December 2033. Timber Ridge remitted \$76,951 in interest to the Town during 2021 and, as of December 31, 2021, had accrued a total of \$31,766 in interest payable to the Town relating to the \$8 million note.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 389,728	\$ 73,315	\$ 463,043
2023	395,574	67,425	462,999
2024	401,508	61,447	462,955
2025	407,530	55,379	462,909
2026	413,643	55,379	469,022
2027 - 2031	2,163,169	150,438	2,313,607
2031 - 2033	911,372	13,721	925,093
Totals	<u>\$ 5,082,524</u>	<u>\$ 477,104</u>	<u>\$ 5,559,628</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.

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

VRA 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.

VRA receives 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 VRA, equitably and ratably secured by an irrevocable pledge of the Trust Estate, funded by pledged incremental property tax revenues.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Liabilities – Governmental Activities (continued)

1. Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B (continued)

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 VRA 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.

During June 2020, the 2010B Bonds were refunded through the Refunding Loan, Series 2020.

2. Vail Reinvestment Authority Tax Increment Revenue Refunding Loan, Series 2020

VRA issued a \$6,386,000 Tax Increment Revenue Refunding Loan, Series 2020 (the "Series 2020 Refunding Loan"), the proceeds of which were used to refund all outstanding 2010B Bonds. The Series 2020 Refunding Loan, which is secured by a pledge of VRA's property tax revenues, is a special limited obligation of VRA and not the Town. The interest rate on the Series 2020 Refunding Loan is 1.19% per annum, and is payable June 1 and December 1 annually from December 1, 2020 through maturity on June 1, 2030. Principal payments are due annually, beginning in June 2021, through maturity in June 2030. The Series 2020 Refunding Loan is not subject to prepayment at the Town's option.

The Town realized a net present value savings of \$1,115,124 on the refunding of the 2010B Bonds.

3. Certificates of Participation, Series 2021

The Town issued \$22,260,000 of Certificates of Participation dated October 27, 2021 (the "the Series 2021 Certificates"), with proceeds used to finance the acquisition, construction, installation, and equipping of rental workforce housing. The interest rates on the Series 2021 Certificates range from 2.65% to 4% and are payable on June 1 and December 1 through 2051. The Series 2021 Certificates maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the Town, and on any date thereafter, at par plus accrued interest to the redemption date, with no redemption premium. Certificates maturing December 1, 2041, 2046, and 2051 are subject to a mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date.

4. Lease Purchase Financing, Series 2021

During 2021, the Town entered into a Site and Improvement Lease and a Lease Purchase Agreement with Truist Bank ("Truist"), a North Carolina Banking Corporation, for \$15,190,000 to finance the construction of additions and renovations to the respect to property currently utilized as the Town's Public Works facility (the "Site"). The loan bears interest at 1.75% and are payable on June 1 and December 1 through 2035.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(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, 2021 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 \$4,590,993 at December 31, 2021 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, 2021.

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

Long-term liability activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax Increment Revenue Refunding Loan, Series 2020	\$ 6,386,000	\$ -	\$ (618,000)	\$ 5,768,000	\$ 612,000
Lease Purchase Financing, Series 2021	-	15,190,000	-	14,245,000	905,000
Compensated absences	1,535,093	349,161	-	1,884,254	565,277
Total Governmental Activities					
Long-term Liabilities	<u>\$ 7,921,093</u>	<u>\$ 15,539,161</u>	<u>\$ (618,000)</u>	<u>\$ 21,897,254</u>	<u>\$ 2,082,277</u>
Business-type Activities:					
2021 Certificates of Participation	\$ -	\$ 22,260,000	\$ -	\$ 22,260,000	\$ 315,000
Debt issuance premium	-	3,076,530	(3,076,530)	-	-
Compensated absences	89,965	23,829	-	113,794	34,138
Total Business-type Activities					
Long-term Liabilities	<u>\$ 89,965</u>	<u>\$ 25,360,359</u>	<u>\$ (3,076,530)</u>	<u>\$ 22,373,794</u>	<u>\$ 349,138</u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

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

Debt service requirements for the governmental activities at December 31, 2021 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2022	\$ 1,517,000	\$ 72,316	\$ 1,589,316
2023	1,540,000	64,998	1,604,998
2024	1,566,000	280,666	1,846,666
2025	1,591,000	256,849	1,847,849
2026	1,611,000	232,605	1,843,605
2027-2031	7,753,000	790,731	8,543,731
2032-2036	4,435,000	245,124	4,680,124
Total Governmental Activities	<u><u>\$ 20,013,000</u></u>	<u><u>\$ 1,943,289</u></u>	<u><u>\$ 21,956,289</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.

Debt service requirements for the business-type activities at December 31, 2021 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-Type Activities:			
2022	\$ 315,000	\$ 905,578	\$ 1,220,578
2023	415,000	800,388	1,215,388
2024	435,000	783,788	1,218,788
2025	450,000	766,388	1,216,388
2026	470,000	748,388	1,218,388
2027-2031	2,645,000	3,444,538	6,089,538
2032-2036	3,220,000	2,871,338	6,091,338
2037-2041	3,915,000	2,173,938	6,088,938
2042-2046	4,765,000	1,325,738	6,090,738
2047-2051	5,630,000	450,975	6,080,975
Total Business-type Activities	<u><u>\$ 22,260,000</u></u>	<u><u>\$ 14,271,053</u></u>	<u><u>\$ 36,531,053</u></u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

K. Fund Balance Disclosures

The Town classifies governmental fund balances as follows:

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

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Town Council. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Town's platform to review, and/or make changes to each department's budget. The budget is formally presented to the Town Council via an advertised public process for review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Town Council approval, must be presented via a public process and again approved by Town Council.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by Town Council or its management designees.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

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.

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, 2021 of \$98,320,907 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 2021 covered payroll was \$23,864,881 of which \$20,259,267 was for permanent employees and \$3,605,615 was for seasonal staff. Total 2021 payroll for all Town employees was \$23,864,881.

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.

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

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

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 \$26,485,305 at December 31, 2021. The assets were invested in mutual funds, as previously described.

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

C. Cafeteria Plan

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

D. Risk Management

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

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

The following is a summary of the changes in the balances of the claims liability during 2021:

Claims liability, beginning of year	\$ 439,056
Current year claims	(3,674,987)
Claims payments	<u>3,788,143</u>
Claims liability, end of year	<u><u>\$ 552,212</u></u>

Town of Vail, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

E. Commitments and Contingencies

1. Legal Claims

During the normal course of business, the Town may incur claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2021.

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, 2021.

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

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



REQUIRED SUPPLEMENTARY INFORMATION

Town of Vail, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales taxes	18,000,000	17,050,000	17,050,000	-	15,300,006
Property and ownership taxes	5,975,000	6,055,000	6,016,105	(38,895)	5,941,704
Ski area lift ticket admissions tax	3,500,000	5,375,000	5,518,890	143,890	4,095,812
Franchise tax	1,161,325	1,161,325	1,148,610	(12,715)	1,084,277
Tobacco tax	400,000	525,000	536,920	11,920	531,913
Penalties and interest on delinquent taxes	48,578	48,578	65,774	17,196	56,646
Total - Taxes	29,084,903	30,214,903	30,336,299	121,396	27,010,358
Permits and Licenses:					
Construction fees	1,200,000	1,300,000	1,457,334	157,334	945,636
Contractors' licenses	51,000	75,000	80,698	5,698	95,559
Other permits and licenses	848,513	1,228,513	1,386,950	158,437	1,030,265
Total - Permits and Licenses	2,099,513	2,603,513	2,924,982	321,469	2,071,460
Intergovernmental:					
County sales tax	720,000	1,014,000	1,209,002	195,002	889,379
County road and bridge	750,000	750,000	798,139	48,139	788,409
Additional motor vehicle registration fees	26,000	26,000	28,191	2,191	27,356
Highway users tax	197,672	197,672	215,331	17,659	195,131
Other county sources	87,500	87,500	87,500	-	87,950
Other state sources	293,700	735,130	818,102	82,972	858,891
Federal sources	250,000	2,244,613	2,252,073	7,460	2,484,110
Total - Intergovernmental	2,324,872	5,054,915	5,408,338	353,423	5,331,226
Charges for Services:					
Management fees - Vail Local Marketing District	125,000	145,000	145,000	-	130,500
Internal service charge	585,515	810,515	906,303	95,788	761,153
Out of district fire response	40,000	40,000	77,520	37,520	62,709
Parking	5,040,655	6,378,000	7,060,319	682,319	4,891,998
Fines and forfeitures	225,642	225,642	268,878	43,236	342,285
Rents	1,020,532	1,070,532	1,116,305	45,773	787,907
Other charges, services, and sales	237,580	237,580	262,647	25,067	258,412
Total - Charges for Services	7,274,924	8,907,269	9,836,972	929,703	7,234,964
Investment Income:					
Earnings on investments	200,000	200,000	100,880	(99,120)	309,551
Miscellaneous:					
Miscellaneous	166,000	234,735	492,929	258,194	247,829
Total Revenues	41,150,212	47,215,335	49,100,400	1,885,065	42,205,388

(Continuing)

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, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020
(Continued)

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General Government:					
Town officials	1,616,135	1,703,614	1,553,568	150,046	1,391,724
Administrative	5,595,741	5,697,327	5,051,194	646,133	4,596,194
Community development	2,579,238	2,997,784	2,279,951	717,833	2,193,058
Total - General Government	9,791,114	10,398,725	8,884,713	1,514,012	8,180,976
Public Safety:					
Police department	6,777,479	7,208,185	6,882,503	325,682	6,623,230
Fire department	5,084,424	5,616,152	5,495,895	120,257	4,942,761
Total - Public Safety	11,861,903	12,824,337	12,378,398	445,939	11,565,991
Public Works and Transportation:					
Highways and streets	5,349,074	5,461,887	5,066,774	395,113	5,210,865
Transportation	5,498,492	5,593,959	5,664,681	(70,722)	5,051,201
Parking operations	1,679,477	1,698,459	1,731,583	(33,124)	1,314,192
Facility maintenance	3,971,251	4,090,820	4,109,888	(19,068)	4,005,743
Total - Public Works and Transportation	16,498,294	16,845,125	16,572,926	272,199	15,582,001
Culture and Recreation:					
Special recreation facilities	290,050	306,050	250,085	55,965	227,613
Library	934,757	999,224	1,054,540	(55,316)	957,227
Total - Culture and Recreation	1,224,807	1,305,274	1,304,625	649	1,184,840
Economic Development:					
Contributions, marketing, and special events	1,844,721	2,054,677	1,781,243	273,434	1,799,673
Total Expenditures	41,220,839	43,428,138	40,921,905	2,506,233	38,313,481
Excess (Deficiency) of Revenues Over Expenditures	(70,627)	3,787,197	8,178,495	4,391,298	3,891,907
Other Financing Sources (Uses):					
Sale of assets	-	-	17,963	17,963	7,211
Transfers out	(1,475,184)	(2,352,956)	(2,317,927)	35,029	(1,658,026)
Total Other Financing Sources (Uses)	(1,475,184)	(2,352,956)	(2,299,964)	52,992	(1,650,815)
Net Change in Fund Balance	(1,545,811)	1,434,241	5,878,531	4,444,290	2,241,092
Fund Balance - January 1	35,305,444	38,547,757	38,547,757	-	36,306,665
Fund Balance - December 31	33,759,633	39,981,998	44,426,288	4,444,290	38,547,757

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

Town of Vail, Colorado
Vail Marketing Fund - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Permits and Licenses:					
Business licenses	335,000	335,000	340,488	5,488	343,902
Investment Income:					
Interest on investments	2,000	2,000	239	(1,761)	1,997
Total Revenues	<u>337,000</u>	<u>337,000</u>	<u>340,727</u>	<u>3,727</u>	<u>345,899</u>
Expenditures:					
Economic Development:					
Special events	1,184,630	1,796,630	1,650,621	146,009	1,505,568
Commission on Special Events	625,554	705,344	610,457	94,887	476,900
Cultural heritage	-	40,000	40,000	-	-
Administration fee	16,750	16,750	17,024	(274)	16,320
Total Expenditures	<u>1,826,934</u>	<u>2,558,724</u>	<u>2,318,102</u>	<u>240,622</u>	<u>1,998,788</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,489,934)	(2,221,724)	(1,977,375)	244,349	(1,652,889)
Other Financing Sources (Uses):					
Transfers in	1,475,184	2,206,974	2,000,000	(206,974)	1,653,178
Net Change in Fund Balance	(14,750)	(14,750)	22,625	37,375	289
Fund Balance - January 1	<u>373,585</u>	<u>387,124</u>	<u>387,124</u>	<u>-</u>	<u>386,835</u>
Fund Balance - December 31	<u>358,835</u>	<u>372,374</u>	<u>409,749</u>	<u>37,375</u>	<u>387,124</u>

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

Town of Vail, Colorado
Vail Local Marketing District - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Lodging tax	2,500,000	3,400,000	4,276,729	876,729	3,263,261
Investment Income:					
Interest on investments	1,000	1,000	281	(719)	272
Miscellaneous:					
Miscellaneous	-	-	2,970	2,970	3,174
Total Revenues	<u>2,501,000</u>	<u>3,401,000</u>	<u>4,279,980</u>	<u>878,980</u>	<u>3,266,707</u>
Expenditures:					
Economic Development:					
Destination	281,692	982,201	987,546	(5,345)	645,907
Front Range	392,472	464,963	449,774	15,189	180,122
Groups and meetings	250,000	250,000	201,894	48,106	504,077
Marketing	655,000	1,550,750	1,408,172	142,578	753,879
Event Liason	25,000	25,000	25,000	-	25,000
Purchased services	439,860	631,110	575,540	55,570	429,021
Total Expenditures	<u>2,044,024</u>	<u>3,904,024</u>	<u>3,647,926</u>	<u>256,098</u>	<u>2,538,006</u>
Net Change in Fund Balance	456,976	(503,024)	632,054	1,135,078	728,701
Fund Balance - January 1	<u>1,327,713</u>	<u>2,078,809</u>	<u>2,078,809</u>	-	<u>1,350,108</u>
Fund Balance - December 31	<u><u>1,784,689</u></u>	<u><u>1,575,785</u></u>	<u><u>2,710,863</u></u>	<u><u>1,135,078</u></u>	<u><u>2,078,809</u></u>

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

Town of Vail, Colorado
Vail Reinvestment Authority - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax	6,768,000	6,866,918	6,789,616	(77,302)	6,851,562
Investment Income:					
Interest on investments	2,000	31,500	31,824	324	21,328
Interest Subsidy:					
Interest subsidy (Build America Bonds)	-	-	-	-	100,098
Total Revenues	<u>6,770,000</u>	<u>6,898,418</u>	<u>6,821,440</u>	<u>(76,978)</u>	<u>6,972,988</u>
Expenditures:					
Economic Development:					
Administration	121,600	121,600	120,007	1,593	121,842
Fiscal agent fees	-	-	-	-	1,720
Treasurer's fees	203,040	206,008	203,691	2,317	205,547
Professional fees	10,000	10,000	-	10,000	1,353
Vail Square Metro District	667,360	763,310	765,730	(2,420)	736,681
Total - Economic Development	<u>1,002,000</u>	<u>1,100,918</u>	<u>1,089,428</u>	<u>11,490</u>	<u>1,067,143</u>
Debt Service:					
Principal	618,000	618,000	618,000	-	7,715,000
Interest	72,316	72,316	72,316	-	327,914
Total - Debt Service	<u>690,316</u>	<u>690,316</u>	<u>690,316</u>	<u>-</u>	<u>8,042,914</u>
Total Expenditures	<u>1,692,316</u>	<u>1,791,234</u>	<u>1,779,744</u>	<u>11,490</u>	<u>9,110,057</u>
Excess (Deficiency) of Revenues Over Expenditures	5,077,684	5,107,184	5,041,696	(65,488)	(2,137,069)
Other Financing Sources (Uses):					
Debt proceeds	-	-	-	-	6,386,000
Issuance costs	-	-	-	-	(105,360)
Transfers out	(8,550,000)	(9,928,004)	(7,410,723)	2,517,281	(1,809,400)
Total Other Financing Sources (Uses)	<u>(8,550,000)</u>	<u>(9,928,004)</u>	<u>(7,410,723)</u>	<u>2,517,281</u>	<u>4,471,240</u>
Net Change in Fund Balance	(3,472,316)	(4,820,820)	(2,369,027)	2,451,793	2,334,171
Fund Balance - January 1	<u>4,770,432</u>	<u>4,917,063</u>	<u>4,917,063</u>	<u>-</u>	<u>2,582,892</u>
Fund Balance - December 31	<u>1,298,116</u>	<u>96,243</u>	<u>2,548,036</u>	<u>2,451,793</u>	<u>4,917,063</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, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Sales tax	4,500,000	14,340,000	17,812,406	3,472,406	9,911,184
Construction use tax	2,250,000	3,450,000	3,682,745	232,745	2,078,577
Franchise tax	193,800	193,800	204,702	10,902	200,171
Total - Taxes	<u>6,943,800</u>	<u>17,983,800</u>	<u>21,699,853</u>	<u>3,716,053</u>	<u>12,189,932</u>
Permits and Licenses:					
Construction fees	1,500,000	1,534,112	74,491	(1,459,621)	76,053
Intergovernmental:					
State grants	-	1,449,920	1,448,777	(1,143)	-
Federal grants	-	525,287	550,383	25,096	139,522
Total - Intergovernmental	<u>-</u>	<u>1,975,207</u>	<u>1,999,160</u>	<u>23,953</u>	<u>139,522</u>
Charges for Services:					
Leases - Vail Commons	164,067	164,067	163,909	(158)	163,909
Investment Income:					
Interest on investments	2,402,065	2,402,065	50,449	(2,351,616)	401,257
Miscellaneous:					
Project reimbursements/shared costs	-	-	73,442	73,442	510,152
Miscellaneous	-	-	-	-	291
Total - Miscellaneous	<u>-</u>	<u>-</u>	<u>73,442</u>	<u>73,442</u>	<u>510,443</u>
Total Revenues	<u>11,009,932</u>	<u>24,059,251</u>	<u>24,061,304</u>	<u>2,053</u>	<u>13,481,116</u>
Expenditures:					
Public Works:					
Debt service:					
Principal payments	-	945,000	945,000	-	-
Interest	-	210,905	210,905	-	-
Capital projects and acquisition	40,995,608	61,104,836	39,634,350	21,470,486	12,669,368
Total - Public Works	<u>40,995,608</u>	<u>62,260,741</u>	<u>40,790,255</u>	<u>21,470,486</u>	<u>12,669,368</u>
Total Expenditures	<u>40,995,608</u>	<u>62,260,741</u>	<u>40,790,255</u>	<u>21,470,486</u>	<u>12,669,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,985,676)</u>	<u>(38,201,490)</u>	<u>(16,728,951)</u>	<u>21,472,539</u>	<u>811,748</u>
Other Financing Sources (Uses):					
Capital lease proceeds	-	15,190,000	15,190,000	-	-
Debt issuance costs	-	(190,000)	(185,265)	(4,735)	-
Sale of assets	-	1,067,400	165,766	(901,634)	1,126,162
Transfers in	23,550,000	10,484,986	7,556,705	(2,928,281)	1,809,400
Transfers (out)	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Total Other Financing Sources (Uses)	<u>22,350,000</u>	<u>26,552,386</u>	<u>22,727,206</u>	<u>(3,825,180)</u>	<u>2,932,562</u>
Net Change in Fund Balance	<u>(7,635,676)</u>	<u>(11,649,104)</u>	<u>5,998,255</u>	<u>17,647,359</u>	<u>3,744,310</u>
Fund Balance - January 1	<u>23,759,227</u>	<u>53,843,487</u>	<u>53,843,487</u>	<u>-</u>	<u>50,099,177</u>
Fund Balance - December 31	<u>16,123,551</u>	<u>42,194,383</u>	<u>59,841,742</u>	<u>17,647,359</u>	<u>53,843,487</u>

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

Town of Vail, Colorado
Real Estate Transfer Tax Fund - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Real estate transfer tax	7,000,000	11,500,000	13,371,555	1,871,555	10,448,526
Intergovernmental Revenue:					
Lottery revenue	20,000	20,000	32,908	12,908	28,167
Other state revenue	-	307,500	46,006	(261,494)	114,108
Other Federal grants	-	-	-	-	72,941
Total - Intergovernmental Revenue	<u>20,000</u>	<u>327,500</u>	<u>78,914</u>	<u>(248,586)</u>	<u>215,216</u>
Charges for Services:					
Recreation amenities fee	10,000	85,000	86,145	1,145	11,731
Land lease to Vail Recreation District	170,000	170,000	174,778	4,778	169,506
Total - Charges for Services	<u>180,000</u>	<u>255,000</u>	<u>260,923</u>	<u>5,923</u>	<u>181,237</u>
Investment Income:					
Interest on investments	16,208	17,188	(22,055)	(39,243)	111,326
Miscellaneous:					
Project reimbursements	-	11,200	26,554	15,354	59,484
Donations	-	40,263	17,936	(22,327)	13,750
Other	32,000	39,867	38,809	(1,058)	36,331
Total - Miscellaneous	<u>32,000</u>	<u>91,330</u>	<u>83,299</u>	<u>(8,031)</u>	<u>109,565</u>
Total Revenues	<u>7,248,208</u>	<u>12,191,018</u>	<u>13,772,636</u>	<u>1,581,618</u>	<u>11,065,870</u>
Expenditures:					
Culture and Recreation:					
Project management	350,000	575,000	668,578	(93,578)	521,469
Park maintenance	1,677,755	2,034,112	1,878,052	156,060	1,506,997
Environmental sustainability	979,420	1,209,939	884,723	325,216	734,148
Art in public places	101,653	123,617	128,647	(5,030)	114,885
Total - Culture and Recreation	<u>3,108,828</u>	<u>3,942,668</u>	<u>3,560,000</u>	<u>382,668</u>	<u>2,877,499</u>
Public Works:					
Capital projects	6,538,644	10,876,376	2,199,610	8,676,766	2,298,893
Public Safety					
Fire suppression	231,592	344,707	288,558	56,149	223,419
Total Expenditures	<u>9,879,064</u>	<u>15,163,751</u>	<u>6,048,168</u>	<u>9,115,583</u>	<u>5,399,811</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,630,856)</u>	<u>(2,972,733)</u>	<u>7,724,468</u>	<u>10,697,201</u>	<u>5,666,059</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	3,000
Net Change in Fund Balance	<u>(2,630,856)</u>	<u>(2,972,733)</u>	<u>7,724,468</u>	<u>10,697,201</u>	<u>5,669,059</u>
Fund Balance - January 1	<u>13,629,406</u>	<u>20,353,072</u>	<u>20,353,072</u>	<u>-</u>	<u>14,684,013</u>
Fund Balance - December 31	<u>10,998,550</u>	<u>17,380,339</u>	<u>28,077,540</u>	<u>10,697,201</u>	<u>20,353,072</u>

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

Town of Vail, Colorado
Timber Ridge Fund - Enterprise 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, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Rents	1,730,243	1,730,243	1,734,323	4,080	1,587,080
Ground lease	-	-	155,149	155,149	155,149
Other	20,595	20,595	28,752	8,157	13,322
Total Operating Revenues	<u>1,750,838</u>	<u>1,750,838</u>	<u>1,918,224</u>	<u>167,386</u>	<u>1,755,551</u>
Operating Expenses:					
Operating expenses	485,745	510,745	501,148	9,597	501,688
Capital outlay	25,000	25,000	11,216	13,784	389,498
Total Operating Expenses	<u>510,745</u>	<u>535,745</u>	<u>512,364</u>	<u>23,381</u>	<u>891,186</u>
Operating Income (Loss)	<u>1,240,093</u>	<u>1,215,093</u>	<u>1,405,860</u>	<u>190,767</u>	<u>864,365</u>
Non-operating Revenues (Expenses):					
Interest on investments	2,000	2,000	114	(1,886)	4,664
Interest expense	(79,118)	(79,118)	(76,951)	2,167	(110,971)
Loan principal repayment - Capital Projects Fund	(2,283,969)	(2,283,969)	(2,283,969)	-	(378,294)
Total Non-operating Revenue (Expenses)	<u>(2,361,087)</u>	<u>(2,361,087)</u>	<u>(2,360,806)</u>	<u>281</u>	<u>(484,601)</u>
Change in Net Position - Budget Basis	<u>(1,120,994)</u>	<u>(1,145,994)</u>	<u>(954,946)</u>	<u>191,048</u>	<u>379,764</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Loan principal repayment - Capital Projects Fund			2,283,969		378,294
Capitalized assets			11,216		389,498
Depreciation			(361,028)		(355,481)
Total Adjustments			<u>1,934,157</u>		<u>412,311</u>
Change in Net Position - GAAP Basis			<u>979,211</u>		<u>792,075</u>

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

Town of Vail, Colorado
Dispatch Services Fund - Enterprise 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, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Dispatch service fee	616,306	616,306	616,306	-	661,194
Dispatching contracts	1,224,336	1,224,336	1,224,136	(200)	1,329,952
Total Operating Revenues	<u>1,840,642</u>	<u>1,840,642</u>	<u>1,840,442</u>	<u>(200)</u>	<u>1,991,146</u>
Operating Expenses:					
Public Safety:					
Salaries and benefits	2,291,795	2,358,949	2,170,280	188,669	2,114,688
Operating expenses	535,091	650,102	443,290	206,812	436,288
Capital outlay	260,913	648,268	634,859	13,409	270,626
Total Operating Expenses	<u>3,087,799</u>	<u>3,657,319</u>	<u>3,248,429</u>	<u>408,890</u>	<u>2,821,602</u>
Operating (Loss) - Budget Basis	(1,247,157)	(1,816,677)	(1,407,987)	408,690	(830,456)
Non-operating Revenues:					
Operating grant - Intergovernmental	259,304	311,980	284,097	(27,883)	-
Other state revenues	-	43,252	71,012	27,760	32,492
Operating grant - E-911 Board	874,606	874,606	874,606	-	845,030
Other operating federal grants	-	-	2,806	2,806	10,676
Earnings on investments	5,000	5,000	(995)	(5,995)	11,694
Total Non-operating Revenues	<u>1,138,910</u>	<u>1,234,838</u>	<u>1,231,526</u>	<u>(3,312)</u>	<u>899,892</u>
Income (Loss) Before Transfers	(108,247)	(581,839)	(176,461)	405,378	69,436
Transfers in	-	171,945	171,945	-	4,848
Change in Net Position - Budget Basis	<u>(108,247)</u>	<u>(409,894)</u>	<u>(4,516)</u>	<u>405,378</u>	<u>74,284</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Change in accrued compensated absences			15,688		(39,519)
Capitalized assets			297,151		270,626
Depreciation			(188,330)		(132,069)
Total Adjustments			<u>124,509</u>		<u>99,038</u>
Change in Net Position - GAAP Basis			<u>119,993</u>		<u>173,322</u>

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

Town of Vail, Colorado
Residences at Main Vail Fund - Enterprise 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, 2021

	2021			Final Budget Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Operating Expenses:				
Capital outlay	-	3,353,400	2,445,475	907,925
Total Operating Expenses	-	3,353,400	2,445,475	907,925
Operating Income (Loss)	-	(3,353,400)	(2,445,475)	907,925
Non-operating Revenues (Expenses):				
Interest on investments	-	-	261	261
Interest expense	-	(83,181)	(83,181)	-
Bond proceeds	-	22,260,000	22,260,000	-
Bond premium	-	3,076,530	3,076,530	-
Financing fees	-	(339,330)	(268,561)	70,769
Total Non-operating Revenue (Expenses)	-	24,914,019	24,985,049	71,030
Change in Net Position - Budget Basis	-	21,560,619	22,539,574	978,955
Reconciliation to GAAP Basis:				
Adjustments:				
Bond proceeds			(22,260,000)	
Bond premium			(3,076,530)	
Capitalized assets			2,445,475	
Capital contributions			1,671,020	
Total Adjustments			(21,220,035)	
Change in Net Position - GAAP Basis			1,319,539	

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

Town of Vail, Colorado
Heavy Equipment Fund - Internal Service 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, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Operating charges	2,761,068	2,761,068	2,378,717	(382,351)	2,331,196
Replacement charges	889,310	889,310	939,230	49,920	869,940
Total - Charges and Fees	3,650,378	3,650,378	3,317,947	(332,431)	3,201,136
Insurance reimbursements	10,000	10,000	50	(9,950)	1,430
Other	-	-	20,153	20,153	13,277
Total Operating Revenues	3,660,378	3,660,378	3,338,150	(322,228)	3,215,843
Operating Expenses:					
Public Works:					
Vehicle maintenance and fuel	2,661,260	2,692,165	2,447,654	244,511	2,220,289
Capital outlay	1,253,000	1,383,388	892,592	490,796	1,091,461
Total Operating Expenses	3,914,260	4,075,553	3,340,246	735,307	3,311,750
Operating Income (Loss) - Budget Basis	(253,882)	(415,175)	(2,096)	413,079	(95,907)
Non-operating Revenues:					
Intergovernmental revenues	-	-	3,569	3,569	29,492
Earnings on investments	7,900	7,900	(1,914)	(9,814)	15,736
Proceeds from sale of assets	241,730	241,730	215,261	(26,469)	158,571
Total Non-operating Revenues:	249,630	249,630	216,916	(32,714)	203,799
Change in Net Position - Budget Basis	(4,252)	(165,545)	214,820	380,365	107,892
Reconciliation to GAAP Basis:					
Adjustments:					
Contribution from Capital Projects Fund			-		72,858
Change in accrued compensated absences			(1,991)		(51)
Capitalized assets			892,592		1,091,461
Net book value of disposed assets			(33,102)		(527)
Depreciation			(837,830)		(798,321)
Total Adjustments			19,669		365,420
Change in Net Position - GAAP Basis			234,489		473,312

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

Town of Vail, Colorado
Health Insurance Fund - Internal Service Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Insurance premiums	4,600,000	4,600,000	4,600,000	-	3,800,000
Insurance premiums - Employee contributions	917,000	917,000	901,513	(15,487)	858,159
Total Operating Revenues	<u>5,517,000</u>	<u>5,517,000</u>	<u>5,501,513</u>	<u>(15,487)</u>	<u>4,658,159</u>
Operating Expenses:					
General Government:					
Health claims	4,557,453	4,557,453	3,839,863	717,590	3,082,692
Premiums	1,470,142	1,470,142	1,382,167	87,975	1,331,491
Administrative fees	43,328	43,328	45,855	(2,527)	42,937
Total Operating Expenses	<u>6,070,923</u>	<u>6,070,923</u>	<u>5,267,885</u>	<u>803,038</u>	<u>4,457,120</u>
Operating Income (Loss)	(553,923)	(553,923)	233,628	787,551	201,039
Non-operating Revenues:					
Earnings on investments	35,000	35,000	(3,912)	(38,912)	35,025
Change in Net Position	<u>(518,923)</u>	<u>(518,923)</u>	<u>229,716</u>	<u>748,639</u>	<u>236,064</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, 2021

	Heavy Equipment Fund	Health Insurance Fund	Total
Assets:			
Current Assets:			
Equity in pooled cash and investments	2,492,396	4,939,397	7,431,793
Accounts receivable, net of allowance for uncollectibles	49,693	-	49,693
Inventory	340,924	-	340,924
Prepaid expenses	-	60,100	60,100
Total - Current Assets	<u>2,883,013</u>	<u>4,999,497</u>	<u>7,882,510</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	<u>5,561,096</u>	<u>-</u>	<u>5,561,096</u>
Total Assets	<u>8,444,109</u>	<u>4,999,497</u>	<u>13,443,606</u>
Liabilities:			
Current Liabilities:			
Accounts payable	100,904	552,789	653,693
Accrued salaries and wages	24,199	-	24,199
Current portion of compensated absences	16,302	-	16,302
Total - Current Liabilities	<u>141,405</u>	<u>552,789</u>	<u>694,194</u>
Non-current Liabilities:			
Compensated absences, net of current portion	<u>38,037</u>	<u>-</u>	<u>38,037</u>
Total Liabilities	<u>179,442</u>	<u>552,789</u>	<u>732,231</u>
Net Position:			
Net investment in capital assets	5,561,096	-	5,561,096
Unrestricted	<u>2,703,571</u>	<u>4,446,708</u>	<u>7,150,279</u>
Total Net Position	<u>8,264,667</u>	<u>4,446,708</u>	<u>12,711,375</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, 2021

	Heavy Equipment Fund	Health Insurance Fund	Total
Operating Revenues:			
Charges for services - Internal	3,317,947	4,600,000	7,917,947
Charges for services - External	-	901,513	901,513
Insurance reimbursements	50	-	50
Other	20,153	-	20,153
	<u>3,338,150</u>	<u>5,501,513</u>	<u>8,839,663</u>
Total Operating Revenues			
Operating Expenses:			
Operations	2,449,645	45,855	2,495,500
Health claims and premiums	-	5,222,030	5,222,030
Depreciation	837,830	-	837,830
	<u>3,287,475</u>	<u>5,267,885</u>	<u>8,555,360</u>
Total Operating Expenses			
Operating Income (Loss)	50,675	233,628	284,303
Non-operating Revenues (Expenses):			
Intergovernmental revenues	3,569	-	3,569
Gain (loss) on disposal of assets	182,159	-	182,159
Investment income	(1,914)	(3,912)	(5,826)
	<u>183,814</u>	<u>(3,912)</u>	<u>179,902</u>
Total Non-operating Revenues (Expenses)			
Change in Net Position	234,489	229,716	464,205
Net Position - January 1	<u>8,030,178</u>	<u>4,216,992</u>	<u>12,247,170</u>
Net Position - December 31	<u><u>8,264,667</u></u>	<u><u>4,446,708</u></u>	<u><u>12,711,375</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, 2021

	Heavy Equipment Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:			
Cash received from other funds	3,317,947	4,600,000	7,917,947
Other cash receipts	44,587	907,577	952,164
Cash paid for goods and services	(1,448,419)	(5,214,314)	(6,662,733)
Cash paid to employees	(1,035,904)	-	(1,035,904)
Net Cash Provided (Used) by Operating Activities	878,211	293,263	1,171,474
Cash Flows From Non-Capital Financing Activities:			
Cash received from operating grants	3,569	-	3,569
Net Cash Provided (Used) by Non-Capital Financing Activities	3,569	-	3,569
Cash Flows From Capital and Related Financing Activities:			
Cash received from disposal of fixed assets	215,261	-	215,261
Acquisition and construction of capital assets	(892,592)	-	(892,592)
Net Cash Provided (Used) by Capital and Related Financing Activities	(677,331)	-	(677,331)
Cash Flows From Investing Activities:			
Interest on investments	(1,914)	(3,912)	(5,826)
Net Cash Provided (Used) by Investing Activities	(1,914)	(3,912)	(5,826)
Net Change in Cash and Cash Equivalents	202,535	289,351	491,886
Cash and Cash Equivalents - January 1	2,289,861	4,650,046	6,939,907
Cash and Cash Equivalents - December 31	2,492,396	4,939,397	7,431,793
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	50,675	233,628	284,303
Adjustments:			
Depreciation	837,830	-	837,830
(Increase) decrease in accounts receivable	24,384	6,064	30,448
(Increase) decrease in inventory	2,580	-	2,580
(Increase) decrease in prepaid expenses	-	(59,600)	(59,600)
Increase (decrease) in accounts payable	(38,725)	113,171	74,446
Increase (decrease) in accrued wages and benefits	1,467	-	1,467
Total Adjustments	827,536	59,635	887,171
Net Cash Provided (Used) by Operating Activities	878,211	293,263	1,171,474

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

Town of Vail, Colorado
Capital Projects Funds
Capital Projects Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

Project Number	Project Name	2021		Variance	2020
		Final Budget	Actual	Positive (Negative)	Actual
CBI021	Donovan Park Pavilion	1,476,096	1,326,759	149,337	38,754
CBI026	Welcome Center Capital Maintenance	100,000	-	100,000	-
CBI027	Public Works Remodel	18,769,259	16,977,304	1,791,955	834,066
CEP001	Fire Truck Purchase	880,000	-	880,000	-
CEP002	Hybrid Bus Battery Replacement	165,000	-	165,000	-
CEP004	Replace Buses	3,455,821	3,448,464	7,357	2,989,884
CEP005	Hardware Purchases	150,000	136,364	13,636	78,893
CEP008	Parking Entry System	1,225,148	26,738	1,198,410	102,013
CEP010	Network Upgrades	141,708	115,228	26,480	178,548
CEP011	Document Imaging	50,000	36,056	13,944	30,299
CEP018	Web and E-commerce	102,466	89,025	13,441	100,534
CEP019	Public Safety Systems	62,883	45,517	17,366	106,711
CEP022	Audio Visual	125,000	84,129	40,871	41,022
CEP026	Fire Equipment	25,000	11,220	13,780	15,043
CEP030	Vehicle expansion	40,000	-	40,000	72,858
CEP031	Software Licensing	645,670	543,317	102,353	533,130
CEP033	Data Centers / Computer Rooms	233,952	136,289	97,663	1,169,294
CEP036	Business Systems	85,000	-	85,000	55,593
CEP038	Police Equipment	200,808	201,864	(1,056)	51,714
CEP042	Bus Camera System	-	-	-	14,747
CEP048	Electric Bus Station/Infrastructure	1,267,179	1,120,322	146,857	473,657
CEP049	Bus Transportation Mgmt. System	760,000	747,197	12,803	-
CHF001	Buy-Down Housing	34,112	11,262	22,850	-
CHF003	Vail InDEED	2,258,896	929,562	1,329,334	1,538,974
CHF004	Town of Vail Employee Housing	34,612	-	34,612	513
CHF006	Town of Vail Employee Housing- Black Gore Creek	2,142,500	2,144,791	(2,291)	-
CHF007	Employee Housing	930,865	60,884	869,981	-
CHF009	Colorado Department of Transportation- East Vail Parcel	2,000,000	-	2,000,000	-
CHF010	Residences at Main Vail Opportunity Fee	3,500,000	1,500,000	2,000,000	-
CMP007	Transportation Master Plan	330,000	23,215	306,785	-
CMT003	Bus Shelter Replacement Program	259,721	150,759	108,962	279
CMT004	Capital Street Maintenance	1,225,000	1,241,648	(16,648)	1,031,822
CMT005	Facility Capital	1,378,836	633,273	745,563	1,014,600
CMT007	Parking Structure Maintenance	955,754	579,325	376,429	636,246
CMT009	Energy Enhancements	223,847	162,554	61,293	-
CMT010	Underground Utilities	15,459	-	15,459	481,211
CMT017	Slifer Plaza Fountain and Storm Sewer	73,417	2,000	71,417	83,176
CMT018	Public Works Shop Building Maintenance	300,000	-	300,000	-
CMT021	Rockwall Mitigation	40,679	-	40,679	1,889
CMT022	Seibert Fountain	60,000	32,112	27,888	64,011
CMT023	Snowmelt Boilers	1,000,000	132,781	867,219	-
COT002	Street Light Improvement Program	219,369	-	219,369	576
COT004	Fiber-Optics in Buildings	597,215	926	596,289	52,785
COT015	Red Sandstone Parking Garage	30,000	6,145	23,855	142,360
COT021	I-70 Fiber Optics	94,800	93,616	1,184	93,616
COT027	Children's Garden of Learning Boiler Replacement	-	-	-	6,054
COT030	Mill Creek Heated Sidewalk	-	-	-	115,832
COT032	Children's Garden of Learning Relocation	2,987,992	2,732,446	255,546	57,009
COT033	Pepi's Memorial	20,000	-	20,000	-
CSC012	Village Streetscape	1,250,000	-	1,250,000	-
CSC016	Guest Services Enhancements	25,482	2,255	23,227	10,639
CSC017	Pedestrian Safety Enhancements	25,000	-	25,000	63,977
CSC023	Oversized Vehicle Lot	100,000	-	100,000	-
CSR007	Neighborhood Road Reconstruction	1,500,000	36,824	1,463,176	278,316
CSR008	Neighborhood Bridges	-	-	-	24,323
CSR009	Frontage Road Enhancements VVMC	7,500,000	4,112,179	3,387,821	34,718
VRA018	Lionshead Parking Structure Landscape Renovations	30,290	-	30,290	-
VRA021	West Lionshead Circle Crosswalk	-	-	-	49,682
Total		<u>61,104,836</u>	<u>39,634,350</u>	<u>21,470,486</u>	<u>12,669,368</u>

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

Town of Vail, Colorado
Capital Projects Funds
Real Estate Transfer Tax Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2021
With Comparative Actual Amounts For the Year Ended December 31, 2020

Project Number	Project Name	2021		Variance Positive (Negative)	2020
		Final Budget	Actual		Actual
CCF001	Golf Clubhouse Redevelopment	24,809	20,900	3,909	9,015
RFP005	Alpine Gardens Pledge	63,985	63,985	-	71,094
RFP007	Alpine Gardens Contribution	20,000	20,000	-	-
RFP009	Ford Park - Playground Improvements	200,000	-	200,000	-
RFP019	Ford Park Landscape Enhancement	75,000	69,054	5,946	-
RFP020	Ford Park Master Plan	47,000	44,222	2,778	-
RMG011	Solar Project	1,100,000	481,127	618,873	-
RMG012	Gore Creek Signage	150,825	48,750	102,075	1,620
RMT001	Recreation Path Maintenance	129,717	103,153	26,564	65,283
RMT002	Tree Maintenance	85,790	40,394	45,396	54,112
RMT005	Street Furniture - Streetscape	85,000	8,065	76,935	45,935
RMT006	Eagle River Watershed Programs	36,000	36,000	-	35,000
RMT009	Park/Playground Capital Maintenance	171,401	111,859	59,542	77,226
RMT016	Ford Park / Tennis Center Improvements	141,043	3,467	137,576	22,424
RMT018	Dobson Ice Arena	595,847	11,605	584,242	52,037
RMT019	Gymnastics Center	240,043	4,804	235,239	18,565
RMT021	Golf Course Clubhouse & Other	20,260	11,078	9,182	-
RMT022	Recreation Enhancement Account (VRD)	711,665	-	711,665	-
RMT024	Athletic Fields	115,716	-	115,716	-
RMT025	Nature Center	383,522	-	383,522	-
RMT027	Golf Course - Other Improvements	725,800	397,322	328,478	348,191
RMT028	Dowd Junction Repairs	799,000	-	799,000	845
RMT030	East Vail Interchange Improvements	253,818	44,375	209,443	36,466
RMT033	North Bike Path Reconstruction	-	-	-	7,135
RMT035	Nature Center Capital Maintenance	55,165	-	55,165	-
RMT036	Recreation Facility Capital Maintenance	36,200	2,800	33,400	13,709
RMT036	Eagle Valley Land Trust	5,000	5,000	-	-
RFA001	Property Acquisition	500,000	5,196	494,804	-
RPI007	Streamtract Education	70,000	44,066	25,934	28,946
RPI009	Big Horn Park Improvements	55,000	51,032	3,968	-
RPI010	Water Quality Infrastructure	1,805,000	88,575	1,716,425	245,498
RPI011	Streambank Restoration	250,000	128,783	121,217	223,255
RPI012	Private Streambank	-	-	-	20,925
RPI013	Stephen's Park Improvements	63,176	44,905	18,271	420,130
RPI014	Covered Bridge Rehabilitation	111,073	-	111,073	1,016
RPI015	Turf Grass Reduction	10,000	2,713	7,287	-
RPI016	Sunbird Park Fountain Repairs	15,000	11,570	3,430	120,000
RPI017	Playground/Park Roofing Replacements	75,000	27,300	47,700	-
RPI018	Kindel Park/Mill Creek Streamtract Improvements	175,000	25,138	149,862	-
RPT012	Vail Valley Drive Bikes Lanes	75,000	-	75,000	-
RPT022	Adopt-a-Trail	4,950	4,590	360	5,100
RPT024	Gore Valley Trail Realignment	124,428	78,944	45,484	142,754
RPT025	Vail Valley Drive Path Extension	85,318	-	85,318	14,682
RPT026	Gore Valley Trail Bridge Replacement	40,000	-	40,000	2,762
RPT027	Gore Valley Trail Fence Replacement	50,000	-	50,000	-
RPT028	Booth Lake Trailhead Parking Restroom	230,000	27,050	202,950	-
RPT031	Pedestrian Bridge Projects	-	938	(938)	-
RRT001	Public Art	635,952	12,073	623,879	22,070
RRT006	Public Art - Winterfest	53,124	30,073	23,051	32,970
RRT007	Public Art - Pete Seibert Memorial	17,150	4,458	12,692	2,450
RRT008	Nature Center Operations	90,000	80,897	9,103	81,599
RRT009	Public Art- Art Space	35,782	3,349	32,433	1,763
RSS006	Vail Transit Center Landscape	32,817	-	32,817	74,316
Total		10,876,376	2,199,610	8,676,766	2,298,893

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 2021
This Information From The Records Of Town of Vail:	Prepared By: Phone:	Carlie Smith 970-479-2118

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	9,085,797
3. Other local imposts (from page 2)	1,140,497
4. Miscellaneous local receipts (from page 2)	-
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	-
7. Total (1 through 6)	10,226,294
B. Private Contributions	107,793
C. Receipts from State government (from page 2)	-
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	10,334,087

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	4,229,974
2. Maintenance:	2,407,705
3. Road and street services:	
a. Traffic control operations	192,462
b. Snow and ice removal	1,276,797
c. Other	
d. Total (a. through c.)	1,469,259
4. General administration & miscellaneous	494,173
5. Highway law enforcement and safety	1,732,976
6. Total (1 through 5)	10,334,087
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
3. Total (1.c + 2.c)	-
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	10,334,087

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	-	10,334,087	10,334,087	-	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	

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	1,140,497	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,140,497	h. Other	
c. Total (a. + b.)	1,140,497	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	-	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	-	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	-	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	-	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		85,957	85,957
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		4,144,017	4,144,017
(5). Total Construction (1) + (2) + (3) + (4)	-	4,144,017	4,144,017
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	4,229,974	4,229,974
		(Carry forward to page 1)	
Notes and Comments:			



UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Town of Vail, Colorado
Issuer's Annual Report
Tables I - III
December 31, 2021

TABLE I
Vail Reinvestment Authority History of Pledged Revenues

	2015	2018	2019	2020	2021
Pledged Revenues	4,221,743	5,124,621	5,467,621	6,236,307	6,055,710

TABLE II
Vail Reinvestment Authority History of Assessed Valuations

Levy Year	Collection Year	Total Assessed Valuation	Percent Change	Valuation Allocable to Base	Valuation Allocable to Increment
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
2019	2020	252,718,220	-0.2%	134,124,120	118,594,100
2020	2021	231,261,240	-8.5%	134,124,120	97,137,120

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

Tax Areas	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
202	51.6980	51.951	50.919	50.751	51.434
203	50.3960	50.648	49.726	49.542	50.199
204	60.8500	60.025	56.576	56.436	57.241
206	51.6980	51.951	50.919	50.751	51.434
207	86.6980	86.951	85.919	85.751	86.434
208	73.5730	73.826	72.794	72.626	73.309
216	-	-	-	-	-
225	-	-	-	-	-

**Town of Vail, Colorado
Issuer's Annual Report
Tables IV and V
December 31, 2021**

**TABLE IV
Largest Taxpayers in the Authority**

Taxpayer Name	2021 Preliminary Assessed Valuation	Percentage of Total Assessed Valuation
Diamondrock LLC	23,451,680	10.1%
Arrrabelle at Vail Square LLC	22,910,000	9.9%
Ritz-Carlton Development Co. Inc.	10,454,840	4.5%
Lion Vail LLC	6,257,340	2.7%
Vail Corp	5,131,710	2.2%
A Belle Vail Co LLC	3,177,480	1.4%
Lazier Lionshead LLC	2,783,160	1.2%
Vail Marriott Resort & Spa	2,687,550	1.2%
Blue Ice 21 LLC	2,002,760	0.9%
SOHO Development LLC	1,849,390	0.8%
Landmark Commercial Dev. Co	1,649,530	0.7%
Total	231,261,240	

**TABLE V
2021 Preliminary Assessed Valuation of Classes of Property in the Authority**

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	152,198,490	66%
Commercial	76,923,050	33%
Vacant	1,564,910	1%
State assessed	574,790	0%
Total	231,261,240	100%

Town of Vail, Colorado
Issuer's Annual Report
Table VI
December 31, 2021

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

	2017	2018	2019	2020	2021
Revenues:					
Other:					
Property tax	4,514,083	5,475,660	5,825,058	6,851,562	6,789,616
Interest on investments	3,273	4,045	3,793	21,328	31,824
Interest subsidy (Build America Bonds)	168,427	169,059	164,876	100,098	-
Total Revenues	4,685,783	5,648,764	5,993,727	6,972,988	6,821,440
Expenditures:					
Economic Development:					
Administration	80,715	98,604	105,654	121,842	120,007
Fiscal agent fees	2,420	2,420	1,470	1,720	-
Treasurer's fees	135,427	164,416	174,754	205,547	203,691
Professional fees	8,087	2,895	1,445	1,353	-
Vail Square Metro District	464,039	524,143	526,106	736,681	765,730
Total Economic Development:	690,688	792,478	809,429	1,067,143	1,089,428
Debt Service:					
Principal	515,000	535,000	555,000	7,715,000	618,000
Interest	547,753	526,753	501,433	327,914	72,316
Total Debt Service:	1,062,753	1,061,753	1,056,433	8,042,914	690,316
Total Expenditures	1,753,441	1,854,231	1,865,862	9,110,057	1,779,744
Excess (Deficiency) of Revenues					
Over Expenditures	2,932,342	3,794,533	4,127,865	(2,137,069)	5,041,696
Other Financing Sources (Uses):					
Debt proceeds	-	-	-	6,386,000	-
Issuance costs	-	-	-	(105,360)	-
Transfers out	(4,179,718)	(4,599,998)	(3,804,281)	(1,809,400)	(7,410,723)
Total Other Financing Sources (Uses)	(4,179,718)	(4,599,998)	(3,804,281)	4,471,240	(7,410,723)
Net Change in Fund Balance	(1,247,376)	(805,465)	323,584	2,334,171	(2,369,027)
Fund Balance - January 1	4,312,149	3,064,773	2,259,308	2,582,892	4,917,063
Fund Balance - December 31	3,064,773	2,259,308	2,582,892	4,917,063	2,548,036

**Town of Vail, Colorado
Issuer's Annual Report
Tables VII and VIII
December 31, 2021**

**TABLE VII
2021 Budget Summary and Actual Comparison / 2022 Budget
Vail Reinvestment Authority**

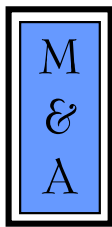
	<u>2021 Budget</u>	<u>2021 Actual</u>	<u>2022 Budget</u>
Revenues:			
Other:			
Property tax	6,866,918	6,789,616	6,802,000
Interest on investments	31,500	31,824	15,000
Total Revenues	<u>6,898,418</u>	<u>6,821,440</u>	<u>6,817,000</u>
Expenditures:			
Economic Development:			
Administration	121,600	120,007	122,200
Treasurer's fees	206,008	203,691	204,060
Professional fees	10,000	-	10,000
Vail Square Metro District	763,310	765,730	692,000
Total Economic Development:	<u>1,100,918</u>	<u>1,089,428</u>	<u>1,028,260</u>
Debt Service:			
Principal	618,000	618,000	612,000
Interest	72,316	72,316	70,297
Total Debt Service:	<u>690,316</u>	<u>690,316</u>	<u>682,297</u>
Total Expenditures	<u>1,791,234</u>	<u>1,779,744</u>	<u>1,710,557</u>
Excess (Deficiency) of Revenues over Expenditures	5,107,184	5,041,696	5,106,443
Other Financing Sources (Uses):			
Transfers out	(9,928,004)	(7,410,723)	(50,000)
Total Other Financing Sources (Uses)	<u>(9,928,004)</u>	<u>(7,410,723)</u>	<u>(50,000)</u>
Net Change in Fund Balance	(4,820,820)	(2,369,027)	5,056,443
Fund Balance - January 1	<u>4,917,063</u>	<u>4,917,063</u>	<u>96,243</u>
Fund Balance - December 31	<u><u>96,243</u></u>	<u><u>2,548,036</u></u>	<u><u>5,152,686</u></u>

**TABLE VIII
Outstanding Revenue Obligations**

<u>Issue</u>	<u>Outstanding Principal</u>
Vail Reinvestment Authority Tax Increment Revenue Bonds, Series 2010B	<u>5,768,000</u>
Total	<u><u>5,768,000</u></u>



SINGLE AUDIT REPORTS and SCHEDULES



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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245 CHAPEL PLACE, SUITE 300
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E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 15, 2022.

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 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

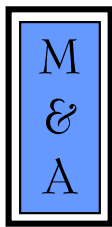
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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.

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C.".

McMahan and Associates, L.L.C.
Avon, Colorado
June 15, 2022



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**

Opinion on Each Major Federal Program

We have audited the compliance of the Town of Vail, Colorado (the "Town") with the types of compliance requirements described in the *OMB 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

McMahan and Associates, L.L.C.
Avon, Colorado
June 15, 2022

Town of Vail, Colorado, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

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:	
CARES Act 5311 A/O Award	ALN 20.509
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

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, 2021

U.S. Department of Treasury
Coronavirus Relief Fund (ALN 21.019)
Passed through Colorado Department of Local Affairs
Reference No. 2020-001 – *Allowed Costs – Significant Deficiency*

Condition: The Town submitted reimbursement for payroll of employees affected by closures but were accounted for in the Town's budget.

Recommendation: We recommend that the Town continue to seek additional guidance on the grant to ensure compliance requirements are followed.

Current Status: The Town has implemented the above recommendations and corrected the error described above in 2021.

Town of Vail, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>National Endowment for the Arts:</u>			
Passed through Arts Midwest:			
Promotion of the Arts Grants to Organizations and Individuals	45.024		\$ 9,150
Total - Environmental Protection Agency			<u>9,150</u>
<u>Department of Transportation:</u>			
Passed through Federal Transit Administration (FTA):			
CARES Act 5311 A/O Award	20.509		2,018,887
Passed through Colorado Department of Transportation:			
Emissions Program	20.526		<u>525,288</u>
Total - Department of Transportation			<u>2,544,175</u>
<u>Department of Justice:</u>			
Passed through Colorado Department of Public Safety:			
Bulletproof Vest Grant	16.607	n/a	<u>475</u>
Total - Department of Justice			<u>475</u>
TOTALS			<u><u>\$ 2,553,800</u></u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

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 2021.

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.