VAIL RECREATION DISTRICT

Financial Statements
December 31, 2025

Vail Park and Recreation District
dba Vail Recreation District
Financial Statements
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vail Recreation District
Vail, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the general fund, and aggregate remaining fund information of Vail Recreation District (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and aggregate remaining fund information of Vail Recreation District, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 District 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 District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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 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 District'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 District'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

Accounting principles generally accepted in the United States of America require 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 24, 2026

VAIL RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Vail Park and Recreation District
dba Vail Recreation District

Management's Discussion and Analysis
December 31, 2025

As management of the Vail Park and Recreation District dba the Vail Recreation District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise 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 themselves.

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

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows, with the difference 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 District 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 (i.e. uncollected taxes and earned but unused vacation leave).

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

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The District only reports one governmental fund, the General Fund.

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 the 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 funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page E1 of this report to demonstrate compliance with this budget.

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 starting on page D1 of this report.

Government-wide Financial Analysis

Vail Recreation District's
Net Position

	Governmental Activities	
	2025	**2024**
Assets:		
Current and other assets	$ 22,270,458	$ 21,667,533
Capital assets	11,411,474	8,462,693
Total Assets	33,681,932	30,130,226
Liabilities & Deferred Inflows:		
Current liab & def inflows	8,108,011	7,619,562
Long-term liabilities	215,419	528,118
Total Liab & Def Inflows	8,323,430	8,147,680
Net Position:		
Net investment in capital assets	11,328,848	8,354,277
Restricted	480,000	490,000
Unrestricted	13,549,654	13,138,269
Total Net Position	$ 25,358,502	$ 21,982,546

A large portion of the District's assets is reflected as net investment in capital assets (i.e. land, buildings, machinery, and equipment). At the end of 2025, net investment in capital assets accounted for 45% of the total net position, which the District uses to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Vail Recreation District's
Change in Net Position

	Governmental Activities	
	2025	**2024**
Revenues:		
Program revenues:		
Charges for services	$ 7,806,033	$ 8,533,056
Operating grants & contributions	-	-
Capital grants & contributions	28,368	31,114
General revenues:		
Property taxes	6,682,014	6,690,056
Other taxes	368,535	355,975
Loss (gain) on disposal of assets	550	45,005
Interest and other revenue	684,240	705,054
Total Revenues	15,569,740	16,360,260
Expenses:		
Administration	1,311,703	1,285,548
Sports programs	756,141	725,579
Gymnastics	575,168	503,141
Community programs	680,202	744,312
Public relations	457,497	413,187
Nordic center	1,031,601	981,798
Ice arena	1,064,556	1,431,782
Golf	5,402,665	5,123,811
Tennis and pickleball	275,195	279,539
Park maintenance	478,339	461,022
Facilities maintenance	146,187	161,123
Interest on long-term debt	14,530	-
Total Expenses	12,193,784	12,110,842
Change in Net Position	3,375,956	4,249,418
Net Position - Beginning	21,982,546	18,164,963
Proir Period Adjustment	-	(431,835)
Net Position - Ending	$ 25,358,502	$ 21,982,546

Governmental activities: Net position of the governmental activities increased by $3,375,956 during 2025 after an increase of $4,249,418 during 2024. In both years the increase is largely due to the District accumulating funds for upcoming capital projects.

Financial Analysis of the District's Funds
As mentioned early, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The ending fund balance of General Fund increased by $23,811 during 2025 which is rolled forward for spending in future years.

As of the end of the current fiscal year, the District's general fund reported an ending fund balance of $14,246,068. Of this balance, $624,330 is nonspendable, $480,000 is restricted for emergencies as required by TABOR, $9,790,000 is assigned for future capital projects, and the remaining $3,351,738 is unassigned.

Budget variances: No budget amendments were required during 2025 as the General Fund finished the year favorable to budget. Details of the variances by department can be seen on page E1 of this report.

Capital assets: The District 's capital assets increased by $946,447 as a result of capital additions being greater than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D12 and D13 of this report.

Long-term debts: The District entered into a non-capital lease and a non-cancelable SBITA during 2024 which both have a 4 year term and are reported as long-term liabilities. See Notes III.B. and III.C on pages D13 and D14 for more information.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vail Recreation District, 700 S. Frontage Road, E., Vail, Colorado 81657, phone (970) 479-2279.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Vail Park and Recreation District
dba Vail Recreation District
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets:	
Cash and cash equivalents - Unrestricted	13,979,654
Due from County Treasurer	33,230
Receivables, net	307,802
Property taxes receivable	7,325,442
Inventory	331,923
Deposits and prepaid expenditures	292,407
Capital assets, net	11,411,474
Total Assets	33,681,932
Liabilities:	
Accounts payable	355,933
Payroll payable	38,077
Unearned revenue	304,938
Noncurrent liabilities:	
Portion due or payable within one year:	
Accrued compensated absences	54,104
Leases payable	13,863
Subscriptions payable	15,654
Portion due or payable after one year:	
Accrued compensated absences	162,310
Leases payable	21,738
Subscriptions payable	31,371
Total Liabilities	997,988
Deferred Inflows of Resources:	
Unavailable property tax revenue	7,325,442
Total Deferred Inflows of Resources	7,325,442
Net Position:	
Net investment in capital assets	11,328,848
Restricted for emergencies	480,000
Unrestricted	13,549,654
Total Net Position	25,358,502

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

Vail Park and Recreation District
dba Vail Recreation District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Functions/Programs:					
Governmental activities:					
General administration	1,311,703	-	-	-	(1,311,703)
Sports programs	756,141	570,308	-	-	(185,833)
Gymnastics	575,168	372,010	-	-	(203,158)
Community programs	680,202	525,028	-	-	(155,174)
Public relations	457,497	-	-	-	(457,497)
Nordic center	1,031,601	848,590	-	-	(183,011)
Dobson arena	1,064,556	542,881	-	-	(521,675)
Golf	5,402,665	4,772,287	-	-	(630,378)
Tennis and pickleball	275,195	174,929	-	-	(100,266)
Park maintenance	478,339	-	-	28,368	(449,971)
Facilities maintenance	146,187	-	-	-	(146,187)
Interest on long-term debt	14,530	-	-	-	(14,530)
Total Governmental Activities	12,193,784	7,806,033	-	28,368	(4,359,383)
	General Revenues:				
	Property taxes				6,682,014
	Specific ownership taxes				359,075
	Delinquent taxes and interest				9,460
	Investment and other income				684,240
	Gain on the sale of assets				550
	Total General Revenues				7,735,339
	Change in Net Position				3,375,956
	Net Position - Beginning of Year				21,982,546
	Net Position - Ending				25,358,502

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

VAIL RECREATION DISTRICT

FUND FINANCIAL STATEMENTS

Vail Park and Recreation District
dba Vail Recreation District
Balance Sheet
Governmental Fund - General Fund
December 31, 2025

Assets:		
Cash and cash equivalents - Unrestricted		13,979,654
Due from County Treasurer		33,230
Receivables, net		307,802
Property taxes receivable		7,325,442
Inventory		331,923
Deposits and prepaid items		292,407
Total Assets		22,270,458
Liabilities:		
Accounts payable		355,933
Payroll payable		38,077
Unearned revenue		304,938
Total Liabilities		698,948
Deferred Inflows of Resources:		
Unavailable property tax revenue		7,325,442
Total Deferred Inflows of Resources		7,325,442
Fund Balances:		
Nonspendable		624,330
Restricted for emergencies		480,000
Assigned for capital projects		9,790,000
Unassigned		3,351,738
Total Fund Balances		14,246,068
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 as assets in governmental fund financial statements:		
Capital assets	24,819,536	
Accumulated depreciation	(13,408,062)	
		11,411,474
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(216,414)	
Leases payable	(35,601)	
Subscriptions payable	(47,025)	
		(299,040)
Net Position of Governmental Activities		25,358,502

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

Vail Park and Recreation District
dba Vail Recreation District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended December 31, 2025

Revenues:	
Property taxes	6,682,014
Specific ownership taxes	359,075
Delinquent interest and taxes	9,460
Sports programs	570,308
Gymnastics	372,010
Nordic center	848,590
Community programs	525,028
Dobson Arena	542,881
Golf	2,142,570
Golf pro shop	602,837
Golf food and beverage	2,026,880
Tennis	70,410
Pickleball	104,519
Lottery revenue	28,368
Investment and other income	684,240
Total Revenues	15,569,190
Expenditures:	
General administration	1,131,415
Sports programs	774,734
Gymnastics	587,672
Community programs	679,811
Public relations	467,511
Nordic center	808,703
Nordic center - cost of goods sold	199,932
Dobson arena	1,076,105
Golf operations	1,002,168
Golf maintenance	1,054,327
Golf pro shop - cost of goods sold	297,067
Golf food and beverage	1,584,202
Golf food and beverage - cost of goods sold	478,294
Tennis	164,399
Pickleball	96,065
Park maintenance	405,025
Facilities maintenance	175,791
Capital outlay	4,321,644
Treasurer's fees	200,744
Debt service:	
Principal	25,790
Interest	14,530
Total Expenditures	15,545,929
Excess (Deficiency) of Revenues Over Expenditures	23,261
Other Financing Sources (Uses):	
Sale of assets	550
Total Other Financing Sources (Uses)	550
Change in Fund Balance	23,811
Fund Balance - Beginning	14,222,257
Fund Balance - Ending	14,246,068

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

Vail Park and Recreation District
dba Vail Recreation District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds To the Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balance of the Governmental Fund		23,811
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown on the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:		
Capital outlay	4,016,924	
Depreciation expense	(1,042,354)	
Amortization expense	(25,789)	
		2,948,781
Retirement of lease principal and bonds outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statement show these as reduction against the long-term liabilities.		25,790
Changes in accrued compensated absences do not consume current financial resources and, therefore, are not reported in the funds.		377,574
Change in Net Position of Governmental Activities		3,375,956

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

Vail Park and Recreation District
dba Vail Recreation District
Statement of Fiduciary Net Position
Youth Recreation Private Purpose Trust Fund
December 31, 2025

Assets:	
Cash and cash equivalents	283,571
Total Assets	283,571
Net Position:	
Held in trust for future earnings	50,000
Held in trust for scholarships	233,571
Total Net Position	283,571
Total Net Position	283,571

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

Vail Park and Recreation District
dba Vail Recreation District
Statement of Changes in Fiduciary Net Position
Youth Recreation Private Purpose Trust Fund
For the Year Ended December 31, 2025

Additions:	
Contributions	11,760
Investment income	13,723
Total Additions	25,483
Deductions:	
Recreation awards	9,030
Total Deductions	9,030
Change in Net Position	16,453
Net Position - Beginning	267,118
Net Position - Ending	283,571

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

VAIL RECREATION
DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Vail Park and Recreation District, dba Vail Recreation District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide recreational facilities and services within its boundaries. The District is located in Eagle County, Colorado.

On February 13, 1991, the Board of Vail Metropolitan Recreation District passed a resolution to change the name of the District to the Vail Park and Recreation District. On the same date, the Board passed a resolution for the District to do business as the Vail Recreation District.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District 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 District. 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 District. Organizations for which the nature and significance of their relationship with the District 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 District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund).

1. Government-wide Financial Statements

Government-wide financial statements report on information of all of the non-fiduciary activities of the District. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, Nordic center operations, golf operations, Dobson Arena, tennis and pickleball, park maintenance, and facilities maintenance functions are classified as governmental activities.

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's governmental functions. The governmental functions are also supported by general government revenues (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. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants and contributions received.

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

2. Fund Financial Statements

The financial transactions of the District 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, deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

The *General Fund* accounts for all financial resources not required to be accounted for in another fund. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, Nordic center operations, golf operations, Dobson Arena, tennis and pickleball, park maintenance, and facilities maintenance functions are accounted for in the General Fund.

Additionally, the District reports the following fiduciary fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Youth Recreation Private-Purpose Trust Fund* is used to account for a trust established that stipulates only earnings and other revenues, and not principal of the original $50,000 contribution, may be spent for youth recreation purposes.

I. Summary of Significant Accounting Policies (continued)

C. 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

Governmental activities in the government-wide financial statements 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.

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. “Available” means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

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.

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Investments are stated at fair value or net asset value. The change in fair value or net asset value of investments is recognized as an increase or decrease to investment assets and investment income.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

The District generally limits investments to the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance was established at December 31, 2025, as the District considered all receivables to be collectible.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

4. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2025 are recorded as prepaid expenses.

5. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported on the government-wide financial statements. Capital assets are defined by the District as assets and leasehold improvements with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets and leasehold improvements are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital expenditures for leasehold improvement projects are capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

As stated in Note IV.A through IV.C, the Town of Vail owns the facilities maintained and operated by the District. The District capitalizes expenditures on the facilities that meet the cost and useful life criteria above as leasehold improvements.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 - 50
Equipment	5 - 20
Lease Assets	5 - 10

6. Inventory

Inventory is valued a cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expense when consumed rather than when purchased.

7. Compensated Absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Position. A liability is also recognized for a portion of accumulating sick leave benefits that is estimated to be taken during employment.

8. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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 Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance (continued)

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 District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

9. Leases

The District is party to a non-cancellable lease agreement, as further described in Note III.C.2. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses the daily United States Treasury Yield Rate.

Lease Term: The lease term includes the non-cancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Subscriptions

The District is party to a non-cancellable agreement for subscription-based information technology software arrangements (“SBITAs”), as further described in Note III.C.3. In such arrangements, the District recognizes right-to-use subscription assets (and corresponding subscription liabilities) with an initial, individual value of $10,000 or more. Right-to-use subscription assets and subscription liabilities are reported on the Statement of Net Position.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments related to subscriptions include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the subscription service provider as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the subscription service provider is not provided, the District uses the daily United States Treasury Yield Rate.

Subscription Term: The subscription term includes the non-cancellable period of the subscription and extended term(s) that the District is reasonably certain to exercise.

Subscription Payments: Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

11. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2025.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The District has one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resource in the period that the amounts become available and earned.

E. Other Significant Policies

1. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the District'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.

II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Annually the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP.

As required by Colorado statutes, the District follows required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2025 budget year:

(1) For the 2025 budget year, prior to August 25, 2024, the County Assessor sent the District the certified assessed valuation of all taxable property within the District's boundaries. Typically, prior to December 10, 2024, the County Assessor would have sent the final recertified assessed valuation to the District. However, property tax measures enacted by the Colorado Legislature during a special session in November 2023 allowed counties an extension to January 3, 2024, to provide final assessed valuations.

(2) On or before October 15, 2024, the District's accountant would have submitted to the District's Board of Directors a recommended budget, which detailed the property taxes needed, along with other available revenues to meet the District's operating requirements.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(3) For the 2025 budget, prior to December 15, 2024, a public hearing would have been held for the budget, the Board would have computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board would have adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

(4) After adoption of the budget resolution, the District may make the following changes: (a) transfer appropriated monies between funds; (b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; (c) approve emergency appropriations; and (d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) 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 15th.

B. TABOR Amendment - Revenue and Spending Limitation 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 emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2025.

The District has reserved a portion of its December 31, 2025 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of $480,000, which is the approximate required reserve.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On May 7, 1996, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain and spend all revenues and other funds collected from any source, effective January 1, 1996 and continuing thereafter; provided that the District's general property tax levy shall not be increased without voter approval; and shall the revenues be spent for recreational services as a voter-approved revenue change and an exception to the limits which would otherwise apply?".

On May 7, 2002, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain, and spend all revenues and other funds, received from all sources, including without limitation the District's existing general operating property tax rate of 2.76 mills, which rate shall not be increased without voter approval, commencing January 1, 2002 and continuing thereafter until repealed, to be spent for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits with would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law, and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.?".

On November 7, 2017, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District ("VRD") taxes be increased by $1,093,026 in 2018, and by such amounts as may be collected annually thereafter from a total levy of 3.760 mills (an increase of 1.000 mills, resulting in an expected 2018 annual tax increase of $36 for a house worth $500,000) for operating and capital expenses, including:

- To reduce the need for VRD to raise fees,
- To address the current major repair backlog to facilities and equipment, and
- To make VRD operations and facilities more environmentally friendly;

With VRD's entire operating mill levy rate subject to adjustment to offset refunds, abatement and changes to the percentage of actual valuation used to determine assessed valuation?"

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

At December 31, 2025 the District had no authorized but unissued debt.

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $470,382 at year end.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

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

At December 31, 2025, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	
COLOTRUST	13,792,843
	13,792,843

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

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in Note 1C. The District'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 District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Local Government Investment Pool – At December 31, 2025, the District had invested $13,792,843 in the Colorado Government Liquid Asset Trust ("COLOTRUST"), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. It operates similarly to money market funds and each share is equal in value to $1. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, repurchase agreements collateralized by U.S. Treasury and U.S. agency securities and commercial paper. These investments are not categorized because the underlying securities and commercial paper cannot be determined.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District had the following cash and investments with the following maturities:

Type	Rating	Carrying Amount	Maturities: Less Than One Year	Maturities: Less Than Five Years
Deposits:				
Checking and savings	Not Rated	470,382	470,382	-
Investments:				
COLOTRUST	AAAm	13,792,843	13,792,843	-
		14,263,225	14,263,225	-

Financial Statement Captions:	
Cash and cash equivalents - unrestricted	13,979,654
Fiduciary cash and cash equivalents	283,571
	14,263,225

B. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	102,661	2,002,334	-	2,104,995
Total capital assets, not being depreciated	102,661	2,002,334	-	2,104,995
Capital assets, being depreciated:				
Building and improvements	16,261,738	1,581,405	-	17,843,143
Equipment	4,369,801	433,185	(52,457)	4,750,529
Intangible right-to-use leased equipment	56,171	-	-	56,171
Subscription assets	64,698	-	-	64,698
Total capital assets, being depreciated	20,752,408	2,014,590	(52,457)	22,714,541
Less accumulated depreciation for:				
Building and improvements	(10,131,456)	(499,488)	-	(10,630,944)
Equipment	(2,248,467)	(542,866)	52,457	(2,738,876)
Intangible right-to-use leased equipment	(7,224)	(13,346)	-	(20,570)
Subscription assets	(5,229)	(12,443)	-	(17,672)
Total accumulated depreciation	(12,392,376)	(1,068,143)	52,457	(13,408,062)
Total capital assets, being depreciated, net	8,360,032	946,447	-	9,306,479
Governmental Activities Capital Assets, Net	8,462,693	2,948,781	-	11,411,474

III. Detailed Notes on All Funds (continued)

B. Capital Assets

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

Governmental Activities:	
General administration	41,181
Sports programs	17,360
Gymnastics	9,807
Community programs	25,884
Public relations	3,149
Nordic center	38,857
Dobson Arena	46,879
Golf	756,223
Tennis and pickleball	10,539
Food and beverage	29,204
Park maintenance	89,060
Total Depreciation Expense - Governmental Activities	1,068,143

C. Long-Term Liabilities

1. Compensated Absences

The District allows its employees to accumulate vacation time, based on the employee’s length of service. Vacation time can be accrued up to a maximum of 200 hours. Vacation paid out upon termination up to the maximum accrual. The District also allows employees to accumulate sick leave. Sick leave is accrued at a rate of 8 hours per month regardless of employee’s length of service. Sick leave can accumulate up to 1,060 hours.

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. At December 31, 2025, the estimated value of accumulated personal days off and sick leave is $216,414.

2. Leases Payable

In 2024, the District entered into a non-cancelable lease (the “lease”) with Visage Connect/GPSi for golf course GPS hardware for their golf carts. The non-cancelable term of the lease is 4 years. The lease calls for 6 monthly payments of $2,520 and is measured using the estimated incremental borrowing rate of 3.90%.

During 2025, the District recorded principal reduction of $13,346 against the lease payable, incurred $1,774 of interest expense, there were $0 of variable payments during the year.

III. Detailed Notes on All Funds (continued)

C. Long-Term Liabilities (continued)

2. Leases Payable

The following is a schedule of future principal and interest payments due under the terms of the lease at December 31, 2025:

Year Ending December 31,	Principal	Interest	Total
2026	13,863	1,257	15,120
2027	14,400	720	15,120
2028	7,338	222	7,560
	35,601	2,199	37,800

3. Subscriptions Payable

In 2024, the District entered into a non-cancelable SBITA (the “agreement”) with Visage Connect/GPSi for golf course GPS software. The non-cancelable term of the agreement is 4 years. The agreement calls for 6 monthly payments of $4,200 and is measured using the estimated incremental borrowing rate of 3.90%.

During 2025, the District recorded principal reduction of $12,443 against the subscriptions payable, incurred $12,757 of interest expense, and $0 in variable payment expense in respect of the subscriptions.

The following is a schedule of future principal and interest subscription payments due under the terms of the agreement at December 31, 2025:

Year Ending December 31,	Principal	Interest	Total
2026	15,654	9,546	25,200
2027	19,694	5,506	25,200
2028	11,677	922	12,599
	47,025	15,974	62,999

III. Detailed Notes on All Funds (continued)

C. Long-Term Liabilities (continued)

4. Changes in Long-Term Debt

Changes in long-term debt obligations for the year ended December 31, 2025 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued compensated absences*	(593,988)	-	377,574	(216,414)	(54,104)
Leases payable	(48,947)	-	13,346	(35,601)	(13,863)
Subscriptions payable	(59,469)	-	12,444	(47,025)	(15,654)
Total Governmental Activities	(702,404)	-	403,364	(299,040)	(83,621)

*The change in the compensated absence liability is presented as a net change.

IV. Other Information

A. Master Lease Agreement – Town of Vail

On January 24, 1989, the Town of Vail (the "Town") transferred management and the related revenue and operating costs of operations of all recreational services other than the Vail Municipal Golf Course and the Vail Gymnastics Center (see Notes V.B and V.C) of the Town to the District. The agreement includes a license for the District to use the recreational facilities owned by the Town. The District is to pay all operating costs of the facilities. The agreement also provides that the Town transfer all personal property and vehicles for use during the lease. The District is to maintain this equipment. The Town is responsible for the debt service on the facilities. This agreement was amended on July 18, 2008 to better define the responsibilities for operations and cost sharing of deferred capital maintenance. The term of the new agreement is for 10 years with automatically renews of two successive 10-year terms. The District will pay the Town an annual lease payment of $1 each year. The annual lease payments do not represent an exchange-like transaction as management has determined the amount is considerably below market value. Accordingly, a lease asset and lease liability has not been recorded.

On May 3, 1994, the District's voters approved an increase in the District's mill levy and an equal decrease in the Town's mill levy by an amount approximately equal to the amount paid to the District by the Town in 1994.

IV. Other Information (continued)

B. Vail Municipal Golf Course - Town of Vail

On June 12, 2019, the District entered into an agreement with the Town of Vail (the "Town") whereby the District will lease and operate the Vail Municipal Golf Course (the "Golf Course") which includes Golf Course, Club House, and the Nordic Center. The term of the agreement is for 20 and 1/2 years, terminating January 1, 2030. The lease will automatically renew for an additional 10-year term.

The District will pay the Town an annual rental fee of $165,000 starting in 2019 and will increase annually each year thereafter based on increases in the U.S. Department of Labor's Consumer Price Index for the Denver-Boulder statistical area. The District is responsible for non-structural, non-capital repair and maintenance of the VGC. The Town is responsible for structural and major capital improvements. The annual lease payments do not represent an exchange-like transaction as management has determined the amount is considerably below market value. Accordingly, a lease asset and lease liability has not been recorded. For the year ended December 31, 2025, the District paid the Town $194,900 related to this lease.

C. Vail Gymnastics Center - Town of Vail

On April 1, 2021, the District entered into an agreement with the Town of Vail (the "Town") whereby the District will lease and operate Vail Gymnastics Center ("VGC"). The term of the agreement is for 10 years, terminating April 1, 2031. The lease can be renewed for 2 additional 5-year terms upon written notice to the Town by the District.

The District will pay the Town an annual rental fee of $10. In addition, the District will pay the Town $3,000 on or before the 15th of January and June each year, for a Capital Maintenance Fund to help offset the cost of major capital improvements for the VGC. The District is responsible for non-structural, non-capital repair and maintenance of the VGC. The Town is responsible for structural and major capital improvements. The annual lease payments do not represent an exchange-like transaction as management has determined the amount is considerably below market value. Accordingly, a lease asset and lease liability has not been recorded.

D. Risk Management

The District 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. In addition, the District is exposed in the ordinary course of business to the risk of injury to persons attending or operating its recreational facilities and events. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

IV. Other Information (continued)

E. Conservation Trust

The District received $28,368 of Colorado lottery funds during 2025 based upon a formula considering population within the District. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development and maintenance of parks and recreation facilities.

F. Youth Recreation Private-Purpose Trust Fund

In August 1997, the Slaughter family donated $50,000 principal to remain invested in a trust fund. The income earned on the principal is to be used to provide financial aid to youth to influence the constructive development of leisure and recreation skills. The proceeds from an annual golf tournament fundraiser and other events are accumulated in the fund. The principal and income are being accounted for in a private-purpose trust fund. During 2025, the fund expended $9,030 in recreation awards. At December 31, 2025, the fund had $233,571 in investment and other earnings available for awards.

G. Retirement Plans

1. Defined Contribution Pension Plan

The District offers a defined contribution pension plan which covers all permanent paid employees for the District. The District established this qualified money purchase plan under IRC Section 401(a) and may amend all plan provisions.

Full-time regular employees are eligible to participate in the plan from the date of employment. The District will contribute 7.5% and match 100% of voluntary after-tax employee contributions by employees up to a maximum match of 5%.

Vesting of the District'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 age 60, their entire interest in the fund becomes vested; normal retirement age is 60 with early retirement at age 50 and four years of service.

The annual pension cost is the District's contributions less forfeitures from the prior year. The District's plan investments at December 31, 2025 of $11,209,690 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 District has no liability for unfunded future vested employee benefits.

The trustees and administrators of the plan are the Retirement Board. The Retirement Board determines how the plan's assets are to be invested in adherence to an adopted investment policy statement.

For 2025, the District contributed $460,376 to this plan on behalf of participating employees.

IV. Other Information (continued)

G. Retirement Plans (continued)

1. Defined Contribution Pension Plan (continued)

The District may use the plan's forfeitures and administrator allocation to pay the costs of the plan or to fund employer contributions. The portion of the plan investment set aside for forfeited and administrator allowance available for spending at December 31, 2025 totaled $328,387.

2. Deferred Compensation Plan

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

All amounts of compensation deferred under the 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 plan participants and their beneficiaries.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants.

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

H. Subsequent Event: Management and Operations Agreement

In March, 2026, after the year-end, the District entered into a Management and Operations Agreement with the Town of Vail for the renovation and operation of the Dobson Ice Arena (the "Facility"). The agreement formalizes the cost-sharing arrangement between the two entities for the renovation of the Facility, with each party contributing to the capital improvement costs. Specifically, the District agreed to contribute $3,400,000 toward the renovation, and the Town of Vail agreed to contribute $55,000,000.

Following the completion of the renovation, the agreement stipulates that the District will assume responsibility for the management and operation of the Facility, which includes event planning, concessions, and general facility operations. The District has committed to ongoing management services for the Facility under this agreement.

Although the agreement was executed after the balance sheet date, it was considered a subsequent event due to its direct impact on future operations, including anticipated operating revenues and expenses related to the management of the Facility. The financial effects of this agreement will be reflected in future periods, including potential revenue from events and related operational costs.

IV. Other Information (continued)

I. Construction and Other Significant Commitments

The District has active construction projects as of December 31, 2025. The projects include improvements to various district facilities, including the Dobson Ice Arena and the Vail Athletic Field Building. At year-end, the District's commitments with contractors are as follows:

Project	Spent to date	Remaining commitment
Vail Athletic Field Building	325,786	1,723,664
Tennis Center Remodel	1,150,669	62,231
Dobson Ice Rink	1,700,000	1,700,000
Employee Housing Unit	137,496	570,000

VAIL RECREATION
DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Vail Park and Recreation District
dba Vail Recreation District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	2025			2024
	Original & Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Property taxes	6,647,313	6,682,014	34,701	6,690,056
Specific ownership taxes	333,890	359,075	25,185	347,945
Delinquent taxes and interest	4,500	9,460	4,960	8,030
Sports programs	552,701	570,308	17,607	543,614
Gymnastics	328,705	372,010	43,305	305,716
Nordic center	1,045,810	848,590	(197,220)	740,258
Community programs	552,045	525,028	(27,017)	546,399
Dobson Arena	588,871	542,881	(45,990)	1,216,435
Golf	2,005,400	2,142,570	137,170	2,088,502
Golf pro shop	505,400	602,837	97,437	577,417
Golf food and beverage	1,988,448	2,026,880	38,432	2,046,631
Tennis	61,850	70,410	8,560	60,111
Pickleball	152,400	104,519	(47,881)	135,973
Lottery revenue	32,500	28,368	(4,132)	31,114
Investment and other income	534,687	684,240	149,553	705,054
Total Revenues	15,334,520	15,569,190	234,670	16,043,255
Expenditures:				
General administration	1,248,325	1,131,415	116,910	1,067,369
Sports programs	796,366	774,734	21,632	689,753
Gymnastics	546,165	587,672	(41,507)	490,325
Community programs	749,740	679,811	69,929	715,121
Public relations	465,547	467,511	(1,964)	419,542
Nordic center	777,458	808,703	(31,245)	698,206
Nordic center - cost of goods sold	268,800	199,932	68,868	245,978
Dobson arena	1,214,186	1,076,105	138,081	1,379,042
Golf operations	1,025,019	1,002,168	22,851	1,006,758
Golf maintenance	1,134,124	1,054,327	79,797	980,148
Golf pro shop - cost of goods sold	237,300	297,067	(59,767)	328,188
Golf food and beverage	1,545,713	1,584,202	(38,489)	1,491,741
Golf food and beverage - cost of goods sold	492,000	478,294	13,706	498,274
Tennis	174,921	164,399	10,522	150,325
Pickleball	150,447	96,065	54,382	122,662
Park maintenance	438,710	405,025	33,685	375,420
Facilities maintenance	171,212	175,791	(4,579)	162,749
Capital projects	7,957,812	4,321,644	3,636,168	1,664,143
Treasurer's fees	199,131	200,744	(1,613)	201,558
Debt service:				
Principal	-	25,790	(25,790)	12,453
Interest	-	14,530	(14,530)	7,707
Contingency	300,000	-	300,000	-
Total Expenditures	19,892,976	15,545,929	4,347,047	12,707,462
Excess (Deficiency) of Revenues Over Expenditures	(4,558,456)	23,261	4,581,717	3,335,793
Other Financing Sources (Uses):				
Sale of assets	20,000	550	(19,450)	45,005
Debt proceeds	-	-	-	120,869
Total Other Financing Sources (Uses)	20,000	550	(19,450)	165,874
Change in Fund Balance	(4,538,456)	23,811	4,562,267	3,501,667
Fund Balance - Beginning	13,276,850	14,222,257	945,407	10,720,590
Fund Balance - Ending	8,738,394	14,246,068	5,507,674	14,222,257