TOWN OF VAIL

Financial Statements
December 31, 2025

Town of Vail, Colorado
Financial Report
December 31, 2025

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B10
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances	C5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	C6
Proprietary Funds:	
Statement of Net Position	C7
Statement of Revenues, Expenses and Changes in Fund Net Position	C8
Statement of Cash Flows	C9
Fiduciary Funds:	
Statement of Fiduciary Net Position	C10
Statement of Changes in Fiduciary Net Position	C11
Notes to the Financial Statements	D1 – D31
Required Supplementary Information:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	E1 – E2
Major Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual:	
Vail Marketing Fund	E3
Vail Local Marketing District	E4
Vail Reinvestment Authority	E5
Housing Fund	E6
Internal Employee Housing Rental Fund	E7

Town of Vail, Colorado
Financial Report
December 31, 2025

Table of Contents
(Continued)

	Page(s)
Supplementary Information:	
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	F1
Real Estate Transfer Tax Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	F2
Enterprise Funds:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis:	
Timber Ridge Fund	F3
Dispatch Services Fund	F4
Residences at Main Vail Fund	F5
Vail Home Partners Corporation	F6
Internal Service Funds:	
Heavy Equipment Fund:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis	F7
Health Insurance Fund:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	F8
Combining Statement of Net Position	F9
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	F10
Combining Statement of Cash Flows	F11
Schedule of Project Expenditures – Budget (GAAP Basis) and Actual:	
Capital Projects Fund	F12
Real Estate Transfer Tax Fund	F13
Housing Fund	F14
Local Highway Finance Report	F15 – F16
Undertaking to Provide Continuing Disclosure:	
Table I – Vail Reinvestment Authority History of Pledged Revenues	G1
Table II – Vail Reinvestment Authority History of Assessed Valuations	G1
Table III – Mill Levies Affecting Property Owners within the Vail Reinvestment Authority Plan Area	G1
Table IV – Largest Taxpayers in the Authority	G2
Table V – 2025 Preliminary Assessed Valuation of Classes of Property in the Authority	G2
Table VI – History of Revenues, Expenditures and Changes in Fund Balance – Vail Reinvestment Authority	G3
Table VII – 2025 Budget Summary and Actual Comparison / 2026 Budget – Vail Reinvestment Authority	G4
Table VIII –Outstanding Revenue Obligations	G4
Continuing Disclosure Report	G5 – G9

Town of Vail, Colorado
Financial Report
December 31, 2025

Table of Contents
(Continued)

Single Audit Reports and Schedules:

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*	H1 – H2
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	H3 – H5
Schedule of Findings and Questioned Costs	H6
Schedule of Prior Audit Findings and Questioned Costs	H7
Schedule of Expenditures of Federal Awards	H8

TOWN OF VAIL

INDEPENDENT AUDITOR'S REPORT

M & A

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Vail, Colorado

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 the Town of Vail, Colorado (the "Town"), as of and for the year ended December 31, 2025, 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 the Town of Vail, Colorado as of December 31, 2025, 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.

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.

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, internal service fund combining 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 sections 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 sections 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 May 27, 2026 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.

McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2026

TOWN OF VAIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025.

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 2025 fiscal year by $510,423,081 (net position). Of this amount, $3,901,000 is restricted for TABOR emergency reserves and $13,063 is restricted by enabling legislation.
- The Town's total net position increased in the 2025 fiscal year by $35,282,578 which was attributable to an increase from governmental activities of $34,012,101 and an increase of $1,270,477 from business-type activities.
- At December 31, 2025, the fund balance of the General Fund was $91,606,618. Of that amount, $3,260,063 was restricted for TABOR emergency reserves, and $24,171,736 is restricted. The majority of the restricted amount is for a receivable tied to housing unit sales expected in late 2026. Full repayment in cash is not guaranteed. Additional information on this transaction is located in the notes.
- During 2025, the Town established a new special revenue fund to account for internal employee housing rental activities, providing greater transparency and improved financial reporting for the Town's employee housing program. Prior to 2025, these revenues and expenditures were reported within the General Fund.
- During 2025, the Town established a new component unit, Vail Home Partners, to finance the development of the Southface 268-unit deed restricted workforce housing rental project. During the year, Vail Home Partners issued $126.0M in Housing Revenue Bonds to support project financing. In addition, the Town issued $63.2M in Certificates of Participation and provided a $10.0 million cash loan from the Town's Housing Fund to support project development. The Housing Revenue bonds, Certificates of Participation, and cash loan are expected to be repaid from future rental revenues generated by the project over its useful life. Construction is currently underway, and the project is anticipated to begin operations in 2028. This fund is accounted for within Business-type activities.

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

Overview of the Financial Statements (continued)

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, the Vail Home Partners and the Residences at Main Vail Apartments, in addition to 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), a legally separate urban renewal authority (Vail Reinvestment Authority) and a legally separate nonprofit housing corporation (Vail Home Partners). 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. Both the VLMD and VRA funds are accounted for as special revenue funds within governmental activities while the VHP is accounts for as a business-type activity.

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

Fund Financial Statements: A fund is an accounting entity that has a set of self-balancing accounts that record 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 five Special Revenue Funds and two Capital Projects Funds. The Town's Special Revenue Funds are the Vail Marketing Fund, the Internal Employee Housing Rental Fund, and the Housing Fund– as well as the Vail Local Marketing District and the Vail Reinvestment Authority, which are component units of the Town. The Capital Projects Funds include the Capital Projects Fund and the Real Estate Transfer Tax Fund.

The Housing Fund was created in 2022 to account for an additional 0.5% sales tax dedicated to housing programs, initiatives, and projects. During the November 2021 election, Vail voters voted in favor of this tax, which became effective on January 1st, 2022. The 0.5% housing sales tax applies to all items except food for home consumption and will sunset on December 31, 2052.

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, the Vai Home Partners and the Dispatch Services Fund are reported as Enterprise Funds. The Vail Home Partners is a component unit of the Town. As their name implies, the internal service funds provide services to the Town's governmental activities. Timber Ridge, the Vail Home Partners, and the Residences at Main Vail provide workforce deed-restricted rental housing to people who work in Vail. During 2024, Timber Ridge was vacated and operations closed as

Overview of the Financial Statements (continued)

the town moved forward to redevelop the property into 302 deed-restricted for-sale units. The units are expected to be available in late 2025. The Vail Home Partners began construction on the Southface housing project during 2025 and expected to begin operations in 2028. The Dispatch Services Fund provides dispatch services to emergency service agencies throughout Eagle County. Enterprise fund functions are presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages C7 through C9 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 D31 of this report.

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 $487,696,524 at the close of the most recent fiscal year. Approximately 45% of the Town's governmental 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 the provision of resources to repay the debt.

The table below shows the Town's net position for 2024 and 2025.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 296,767,612	$ 213,413,756	$ 110,525,124	$ 17,213,939	$ 407,292,736	$ 230,627,695
Capital assets(net)	298,008,438	278,563,244	66,184,833	33,610,986	364,193,271	312,174,230
Total assets	594,776,050	491,977,000	176,709,957	50,824,925	771,486,007	542,801,925
Long-term liabilities outstanding	80,555,483	15,984,997	147,915,139	23,470,369	228,470,622	39,455,366
Other liabilities	18,622,667	14,637,077	6,068,261	5,898,480	24,690,928	20,535,557
Total liabilities	99,178,150	30,622,074	153,983,400	29,368,849	253,161,550	59,990,923
Deferred inflows	7,901,376	7,670,500	-	-	7,901,376	7,670,500
Net Position:						
Invested in capital assets, net of related debt	217,995,374	263,085,259	10,468,350	10,014,000	228,463,724	273,099,259
Restricted	3,730,063	3,590,101	184,000	38,000	3,914,063	3,628,101
Unrestricted	265,971,087	187,009,066	12,074,207	11,404,076	278,045,294	198,413,142
Total net position	$ 487,696,524	$ 453,684,426	$ 22,726,557	$ 21,456,076	$ 510,423,081	$ 475,140,502

Overview of the Financial Statements (continued)

The Town's current assets from governmental activities increased by $83.4M during 2025. The cash balance increased slightly by $2.3 million, however the primary reason for the increase in current assets was due to the increase in internal balances related to the $63.2 million Certificate of Participation note and $10.0 million loan to the Vail Home Partners fund between government and business type funds. Also included within the internal balances are loans provided by the General Fund and Housing Fund to the Timber Ridge Fund to support the redevelopment of the property. This amount is recorded as receivable to the General Fund and Housing Fund. Capital assets increased by $19.5 million, which included significant asset additions such as the redevelopment of Dobson arena, one new hybrid bus, and the purchase of new internal housing rental units.

The Town's liabilities from governmental activities increased mainly due to the issuance of the $63.2 million Certificate of Participation bonds to support the Vail Home Partners Southface housing project. This was slightly offset by the paid annual debt obligations on the Vail Reinvestment Authority bonds, the Residences at Main Vail bonds, and the public works streets facility site and improvement lease.

Current assets related to business-type activities increased by a net $93.3 million during 2025. This increase was primarily driven by higher cash and cash equivalents resulting from the receipt of revenue bond proceeds by Vail Home Partners. This increase in cash was largely offset by the related increase in internal loan payable balances discussed above.

Current assets also increased as a result of the final $8.7 million cash advancement for the Timber Ridge housing project, which is recorded as a construction receivable. In total, the Town has advanced $39.6 million toward the project, with reimbursement expected as units are sold. This receivable is offset by a corresponding $39.6 million interfund payable to the Town's General Fund and Housing Fund, which previously advanced funds to support the project.

Capital assets related to business-type activities increased by $32.6 million, primarily due to growth in construction in progress associated with the Southface housing project while total liabilities of business-type activities increased by $124.6 million, primarily as a result of the revenue bond issuance associated with financing the Southface housing project.

The Timber Ridge Enterprise Fund has an $8.0M note payable to the Town maturing in 2033. The promissory note balance 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. This note is expected to be paid back in full in 2026, utilizing unit sales revenues from the newly redeveloped Timber Ridge Village.

The Timber Ridge Enterprise Fund received cash transfers in from both the General Fund and the Capital Projects Fund to support the redevelopment of the property. These transfers are reported as "internal balances" in the governmental presentation (see page C1). The Timber Ridge Fund contributed $39.6 million in cash towards the total project cost and is expected to be reimbursed through the sale of deed-restricted, for-sale properties. The anticipated proceeds from these sales are recorded as a "loan receivable" on the government-wide statements.

The chart below provides financial information from the Town's Statement of Activities for the years 2025 and 2024.

Overview of the Financial Statements (continued)

Town of Vail's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue:						
Program Revenue						
Charges for services	$ 18,290,558	$ 16,843,296	$ 4,849,951	$ 5,307,122	$ 23,140,509	$ 22,150,418
Operating grants	9,752,725	3,925,892	1,246,961	1,167,993	10,999,686	5,093,885
Capital grants	3,851,422	4,343,035	3,002,878	-	6,854,300	4,343,035
General Revenue						
Property and ownership tax	15,130,257	15,182,352	-	-	15,130,257	15,182,352
Sales and lodging tax	58,632,754	58,295,272	-	-	58,632,754	58,295,272
Other taxes	18,285,830	17,894,174	-	-	18,285,830	17,894,174
Interest and other revenue	7,226,359	7,485,416	4,438,716	474,586	11,665,075	7,960,002
Miscellaneous	4,155,346	2,490,674	170	-	4,155,516	2,490,674
Transfers	(335,318)	4,746,735	335,318	(4,746,735)	-	-
Total Revenue	134,989,933	131,206,846	13,873,994	2,202,966	148,863,927	133,409,812
Expenses:						
General government	14,636,863	12,223,969	-	-	14,636,863	12,223,969
Public safety	21,004,277	18,054,112	4,134,935	3,557,860	25,139,212	21,611,972
Public works and transportation	35,459,472	32,330,700	-	-	35,459,472	32,330,700
Culture and recreation	15,783,558	10,718,354	-	-	15,783,558	10,718,354
Economic development	11,332,879	11,058,773	-	-	11,332,879	11,058,773
Housing	-	-	8,468,582	2,991,049	8,468,582	2,991,049
Interest	2,760,783	267,846	-	-	2,760,783	267,846
Total Expenses	100,977,832	84,653,754	12,603,517	6,548,909	113,581,349	91,202,663
Change in Net Position	34,012,101	46,553,092	1,270,477	(4,345,943)	35,282,578	42,207,149
Net Position January 1	453,684,423	407,131,331	21,456,080	25,802,023	475,140,503	432,933,354
Net Position December 31	$ 487,696,524	$ 453,684,423	$ 22,726,557	$ 21,456,080	$ 510,423,081	$ 475,140,503

Financial Analysis of the Town's Funds

Governmental Activities: Governmental activities increased the Town's net position by $34.0M in 2025, a $12.5M or 26.9% decrease compared to the prior year's net position increase. Revenues totaled $135.0M. Most categories of revenues experience modest growth with the most significant increases driven by grant revenues and project reimbursements. Grant and reimbursements increased $5.3M from the prior year.

Expenditures totaled $101.0M, an increase of $16.3 million, or 19.3%, primarily due to the Town's strategic focus on major capital projects and redevelopment initiatives such as the renovation of Dobson arena, and the Timber Ridge and West Middle Creek housing projects.

The following items represent significant governmental activities during 2025:

- **General 4% sales tax collections totaled $43.4M, an increase of $1.3M or 3.0% compared to 2024.** Sales tax collections by category increased as follows:
    - *Retail* increased by 5.7%
    - *Lodging* decreased by 1.3%
    - *Food and beverage* increased 3.9%
    - *Other* decreased 7.3%
- **The 0.5% housing sales tax collections totaled $5.3 million during 2025, up $156,212 or 3.0% from the prior year.** This is aligned with general sales tax collections.

Financial Analysis of the Town's Funds (continued)

- **The 1.4% marketing tax on lodging totaled $5.4 million in 2025, down 3% from prior year due to low snow fall in November and December of 2025.**
- **The Town collected $9.8 million of Real Estate Transfer Tax (RETT) in 2025**, a $417,836 increase compared to 2024. While interest rates have remained high, property values continued to hold, contributing to sustained and increased revenue levels.
- **Construction use tax collections** remained strong in 2025, totaling $2.4M, a decrease of $648,915 compared to 2024. Use tax collections were generally related to a mix of residential and commercial improvements but did not generate any major revenue during the year.
- **Lift ticket admissions tax totaled $6.7M, flat with the prior year**. Although daily and pass prices were up compared to 2024, that was offset by a decrease in ticket sales and pass use during November and December due to low snow fall.
- **Parking revenues totaled $10.1 million, up $849,604 or 9% compared to prior year.** During the summer of 2025, the town added managed summer parking to help manage demand and behavior.

Business-type Activities: Business-type activities include the Timber Ridge Enterprise Fund, which previously provided deed-restricted rental housing for individuals working in Vail; the property is now being redeveloped into for sale deed restricted units, the Residences at Main Vail Enterprise Fund, a deed-restricted rental housing project that began operations in fall 2023; the Vail Home Partners, a new non profit entity created by the town during 2025 to finance the construction and account for the operations of the Southface housing project, and the Vail Public Safety Communications Center Enterprise Fund, which delivers dispatch services to emergency service agencies across Eagle County.

The following items represent significant business activities during 2025:

- In September 2023, The Residences at Main Vail, a deed-restricted housing project for rent, began operations. The Residences at Main Vail is a 72-unit one—and two-bedroom apartment complex for Vail's local workforce. 2024 was the first full year of operations. During 2025, the fund collected $2.0 million in revenues and increased the funds net position by $215.7K.
- In August 2023, redevelopment began on Timber Ridge, a deed-restricted rental property. It is being constructed into 302 deed-restricted for-sale units, ranging from one to four bedrooms. The Town partnered with a private developer on the $163.2 million project, contributing $51.0 million in cash, land, and a new transit stop. As units are sold, the Town expects to be reimbursed $49.1 million, covering its cash contribution, land value, and the remaining Timber Ridge loan balance.
- In early 2025, the Town created a new nonprofit entity, Vail Home Partners, to finance and account for the construction of a new 268-unit deed-restricted workforce housing project. This new entity, which is reported as a component unit of the Town, was established to account for the development, financing, and ongoing operations of the project. The development will include 84 studio units, 100 one-bedroom units, 84 two-bedroom units, and 257 parking spaces. The total estimated project cost is $189.0 million and is being funded through $126.0 million of housing revenue bonds issued by Vail Home Partners, $62.2 million of certificates of participation issued by the Town of Vail, and a $10.0 million loan from the Town. Debt service on the revenue bonds, certificates of participation, and repayment of the Town loan are expected to be funded through project rental revenues over time. The project is currently anticipated to become operational in 2028.

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The Town's governmental funds focus on 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.

Financial Analysis of the Town's Funds (continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $200,361,675, an increase of $15,498,828 from the prior year's ending fund balances primarily due to an increase in grant revenues within the Real Estate Transfer Tax Fund along with transfers in from business- type activities into the Capital Projects Fund. Revenues increased by $6.1 million compared with prior year, however, expenditures totaling $121.6 million remained fairly flat compared to the prior year. The following details ending fund balances for Governmental Funds over the past five years:

Fund	2021	2022	2023	2024	2025
General Fund	$44,426,288	$53,449,555	$61,440,888	$73,816,203	$81,164,086
Housing Fund	-	13,957,070	19,870,982	28,019,076	31,883,546
Internal Employee Housing Fund	-	-	-	-	164,386
Capital Projects Fund	59,841,742	52,565,769	53,257,917	53,933,003	66,678,182
Real Estate Transfer Tax	28,077,540	29,923,875	31,877,953	15,184,790	16,022,853
Vail Marketing Fund	409,749	416,323	360,109	124,901	18,886
Vail Local Marketing District	2,710,863	3,901,319	3,463,798	3,213,340	3,238,681
Vail Reinvestment Authority	2,548,036	4,892,971	6,884,186	10,571,534	1,191,055
Total	$138,014,218	$159,106,882	$177,155,833	$184,862,847	$200,361,675

The General Fund ended 2025 with a fund balance of $81,164,086, an increase of $7,347,883 from the prior year. General Fund revenues totaled $67,710,237 flat with prior year. Expenditures totaled $60,362,354 up 12% from prior year. During 2025, there were no significant changes to the revenue structure. Included in the fund balance of the General Fund is a $21.1 million receivable related to the anticipated sale of Timber Ridge units. Settlement of this receivable is expected to be received in cash however all or a portion of it could also be received in the equivalent value in housing units as consideration

The Capital Projects Fund reported a fund balance of $66,678,182 at the end of 2025, an increase of $12,745,179 from the prior year. Revenues within the fund reflected a modest increase compared to 2024; however, other financing sources and uses increased by $25,148,633, primarily due to transfers from the RETT Fund, Housing Fund, and Vail Home Partners Fund, as well as bond proceeds received in excess of current construction expenditures. These bond proceeds will be used and reserved for future debt service payments during the construction of the workforce housing project.

Additionally, capital project expenditures increased by $11,906,111, or 44.7%, compared to the prior year, primarily due to the renovation of Dobson Ice Arena. The Capital Projects Fund also accounts for debt service related to a $15.2 million lease-purchase agreement used to finance construction of the Town's new public works streets facility. Additional information on the site lease can be found in the Notes to the Financial Statements on Page D23.

The Real Estate Transfer Tax Fund ended 2025 with a fund balance of $16,022,853, an increase of $838,063 compared to the prior year. This is mainly due to an increase in government grants to support capital projects.

The Housing Fund is a new fund as of January 1, 2022 and was created due to a new 0.5% sales tax supported by Town of Vail voters during the November 2021 election. This tax is dedicated to community housing projects, programs, and initiatives in or around the Town of Vail. This tax generated $5.3 million during 2025. The fund had a fund balance of $ 31,883,546 at the end of 2025, an increase of $3,864,470. Similar to the General Fund, there is a $19.5 million receivable related to the anticipated sale of Timber Ridge units. Settlement of this receivable is expected to be received in cash; however, all or a portion of it could also be received in the equivalent value in housing units as consideration. In 2025, fund balances in the housing fund have been allocated towards the InDeed deed restriction program and the town's buydown program, which purchases homes and deed restricts them.

Financial Analysis of the Town's Funds (continued)

The Vail Local Marketing District ended 2025 with a fund balance of $3,238,681, an increase of $25,341 compared to the prior year. During 2025, the fund began accounting for special event funding. While lodging marketing and promotion tax revenues continue to be used exclusively for marketing purposes, special events are funded through transfers from the General Fund as well as business license revenues transferred from the Vail Marketing Fund.

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 a total of $7.0M million in 2024, flat with prior year. The property tax revenue provides a funding mechanism for capital improvements within the district by covering annual debt service payments of $678,745 relating to $11.9 million in bonds originally 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 through a Tax Increment Revenue Refunding Loan. The loan has a 1.19% interest rate and an outstanding balance of $3.9M. The loan will mature June 1, 2030. During 2024 and 2025, funds were used for predevelopment costs and construction costs related to the redevelopment of Dobson Ice Arena. The remaining fund balances, as well as future incremented generated tax revenues through the authority expiration in June 2030, are expected to go towards refunding the town for the Dobson redevelopment, estimated to cost a total of $54.0M.

The Vail Marketing Fund is used solely to collect and account for business license revenues. Prior to 2025, the fund also accounted for Town special event expenditures; however, beginning in 2025, responsibility for event funding and related expenditures was transferred to the Vail Local Marketing District. During 2025, the Vail Marketing Fund generated $360,220 in business license revenues, which were transferred to the Vail Local Marketing District, net of the General Fund administrative fee, to support special event funding.

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

In September of 2023, the town completed the construction of a 72-unit one and two-bedroom deed-restricted housing project., The Residences at Main Vail project was completed, and operations began in September. In addition, $1.2M was made towards debt service. This project cost $30.4 million of which the majority is funded by $22,260,000 of Certificates of Participation issued in October of 2021. Information on the Series 2021 Certificates of Participation is included in the Notes to the Financial Statements on page D23. During 2025, revenues totaled $20.0 of which the majority was related to rent collections. Operating expenditures related the property totaled $1.6M with debt interest payments related to the Certificate of Participation totaling $664.2K.

The Timber Ridge Fund is used to account for the operations of the Timber Ridge for rent deed-restricted housing. During 2024, this property was vacated to be redeveloped with 302 for-sale residential units including studio, one, two, three, or four-bedroom living spaces. All homes are 100% deed-restricted for local workers. The total cost of the project is projected to be $165.0M with the town contributing $38.6 million in cash in addition to $10.4 million in land to the development.

The Vail Home Partners Fund was created in 2025 to finance and account for the new housing project called Southface. More information about this is available above.

Reserves: The Town's reserve balances continue to remain strong. At the end of 2025, total governmental fund balances were $200,361,675, of which $32.1 million was classified as unassigned. Overall governmental fund balances increased by $15.5 million during the year.

Looking ahead to 2026, reserves within the General Fund, Capital Projects Fund, and Housing Fund are expected to help cash-fund several significant near-term capital initiatives, including the acquisition of

Financial Analysis of the Town's Funds (continued)

Timber Ridge units for both Town employee rental housing and a community housing buydown program, the final redevelopment costs of Dobson Ice Arena, and the first phase of the Town's geothermal district project. Use of reserves are prioritized by both the community and Town Council as identified in the Council strategic plan . In the past, the Town's strong reserve levels have enabled Town Council to cash-fund past major capital projects

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. 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. At the end of 2025, the Certificates of Participation has a balance of $20.6 million, of which $470,000 of principal will be due within one year.

During 2021, the town also entered into 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 2025, the lease had a balance of $10.5 million, of which $970,000 of principal will be due within one year.

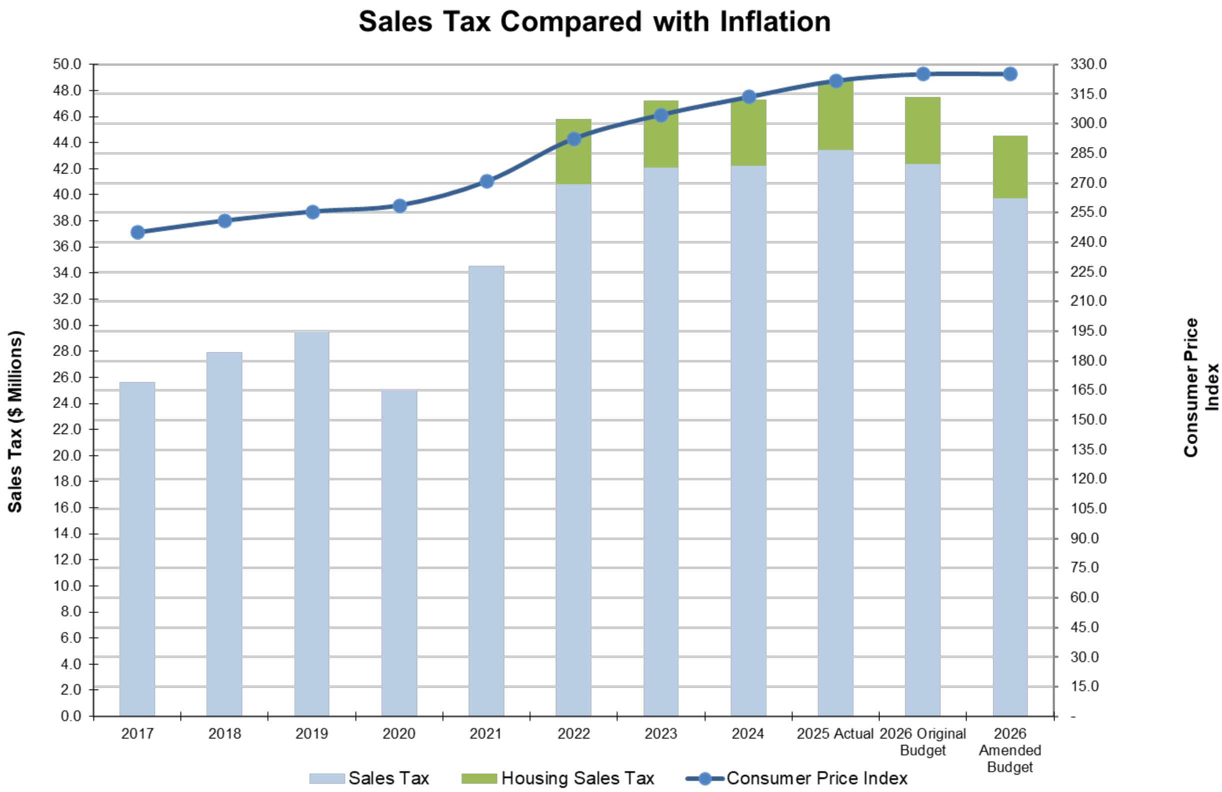
During 2025, The town issued $63.2 million of Certificates of Participation to fund the Southface workforce housing project. The interest rates on the certificates range from 5.0% to 5.5% are and are payable on May 15th and November 15th through 2064. The Town has not made any principal payments on these bonds.

The Vail Home Partners Corporation, a component unit of the Town of Vail issued $126.0 million of housing facilities revenue bonds in May of 2025 to fund the Southface workforce housing project. Interest rates of the bonds range from 5.75% to 6.0% and are payable October 1 and April 1 through 2064. The VHP has not made any principal payments on these bonds.

As of the end of the current fiscal year, the Vail Reinvestment Authority had $3.3 million of tax increment revenue refunding loan, of which $641,000 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: Sales tax is the Town's largest revenue generator. During 2025, the Town had a 4% general sales tax to support governmental operations, including capital expenditures. The Town collected a total of $43.4 million, up 3.0% from the prior year. 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 began being collected in January 2022 and is dedicated to funding community housing initiatives, housing development, and housing programs. The following chart shows changes in the general sales tax for the past ten years. The new housing sales tax is also represented in the chart on the following page.



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.

TOWN OF VAIL

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Vail, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	137,928,160	3,600,734	141,528,894
Unrestricted cash and investments	19,444,364	7,099,582	26,543,946
Cash - Restricted	1,011,544	162,771,113	163,782,657
Receivables (net of allowance for uncollectible accounts):			
Property taxes assessed	7,901,376	-	7,901,376
Other taxes	9,187,231	-	9,187,231
Other governments	542,542	-	542,542
Other	3,588,340	611,118	4,199,458
Inventory	917,204	-	917,204
Prepaid expenses	2,242,248	-	2,242,248
Interest receivable	21,801	-	21,801
Internal balances	112,617,978	(112,617,978)	-
Loans receivable:			
Collectible in more than one year	1,364,824	49,060,555	50,425,379
Capital assets not being depreciated	97,661,165	33,710,761	131,371,926
Capital assets being depreciated, net of accumulated depreciation	200,347,273	32,474,072	232,821,345
Total Assets	594,776,050	176,709,957	771,486,007
Liabilities:			
Accounts payable	8,510,075	3,178,592	11,688,667
Due to other governments	339,454	-	339,454
Retainage payable	958,992	-	958,992
Accrued salaries and wages	423,269	46,663	469,932
Interest payable	304,811	1,963,209	2,268,020
Unearned revenue	4,843,003	210,320	5,053,323
Deposits payable	346,918	140,310	487,228
Compensated absences:			
Due within one year	1,099,183	59,167	1,158,350
Due in more than one year	2,564,758	138,056	2,702,814
SBITA payable:			
Due within one year	185,962	-	185,962
Due in more than one year	547,653	-	547,653
Bonds payable:			
Due within one year	641,000	470,000	1,111,000
Due in more than one year	67,888,072	147,777,083	215,665,155
Financed purchase obligation:			
Due within one year	970,000	-	970,000
Due in more than one year	9,555,000	-	9,555,000
Total Liabilities	99,178,150	153,983,400	253,161,550
Deferred Inflows of Resources:			
Unavailable property taxes	7,901,376	-	7,901,376
Total Deferred Inflows of Resources	7,901,376	-	7,901,376
Net Position:			
Net investment in capital assets	217,995,374	10,468,350	228,463,724
Restricted for:			
Emergencies	3,717,000	184,000	3,901,000
Other purposes	13,063	-	13,063
Unrestricted	265,971,087	12,074,207	278,045,294
Total Net Position	487,696,524	22,726,557	510,423,081

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

Town of Vail, Colorado
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities:							
General government	14,636,863	6,881,613	3,145,939	-	(4,609,311)		(4,609,311)
Public safety	21,004,277	562,021	15,969	-	(20,426,287)		(20,426,287)
Public works and transportation	35,459,472	10,227,976	1,374,397	3,851,422	(20,005,677)		(20,005,677)
Culture and recreation	15,783,558	258,728	5,216,420	-	(10,308,410)		(10,308,410)
Economic development	11,332,879	360,220	-	-	(10,972,659)		(10,972,659)
Interest on long-term debt	2,760,783	-	-	-	(2,760,783)		(2,760,783)
Total - Governmental Activities	100,977,832	18,290,558	9,752,725	3,851,422	(69,083,127)		(69,083,127)
Business-type Activities:							
Dispatch services	4,134,935	2,809,479	1,246,961	-		(78,495)	(78,495)
Housing (Timber Ridge)	129,731	-	-	-		(129,731)	(129,731)
Residences at Main Vail	2,230,588	2,040,472	-	-		(190,116)	(190,116)
Vail Home Partners Corporation	6,108,263	-	-	3,002,878		(3,105,385)	(3,105,385)
Total - Business-type Activities	12,603,517	4,849,951	1,246,961	3,002,878		(3,503,727)	(3,503,727)
Totals	113,581,349	23,140,509	10,999,686	6,854,300	(69,083,127)	(3,503,727)	(72,586,854)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Sales and use taxes	53,278,383	-	53,278,383
Real estate transfer taxes	9,767,746	-	9,767,746
Lodging taxes	5,354,371	-	5,354,371
Property and specific ownership taxes	15,130,257	-	15,130,257
Ski area lift ticket admissions tax	6,702,598	-	6,702,598
Franchise taxes	1,274,414	-	1,274,414
Tobacco taxes	541,072	-	541,072
Investment earnings	7,226,359	4,438,716	11,665,075
Miscellaneous	4,155,346	170	4,155,516
Transfers	(335,318)	335,318	-
Total - General Revenues and Transfers	103,095,228	4,774,204	107,869,432
Change in Net Position	34,012,101	1,270,477	35,282,578
Net Position - January 1	453,684,423	21,456,080	475,140,503
Net Position - December 31	487,696,524	22,726,557	510,423,081

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

FUND FINANCIAL STATEMENTS

Town of Vail, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

		Special Revenue Funds					Capital Projects Funds		
	General Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Housing Fund	Internal Employee Housing Rental	Capital Projects Fund	Real Estate Transfer Tax Fund	Total Governmental Funds
Assets:									
Equity in pooled cash and investments	53,233,802	322,065	-	-	11,273,021	280,191	50,581,585	16,393,966	132,084,630
Cash and cash equivalents - Unrestricted	16,994	-	2,612,339	16,815,031	-	-	-	-	19,444,364
Receivables, net:									
Property taxes assessed	7,901,376	-	-	-	-	-	-	-	7,901,376
Other taxes	7,491,206	-	953,153	-	742,872	-	-	-	9,187,231
Other governments	341,664	-	-	-	-	-	139,895	60,983	542,542
Other	900,076	502	60,296	-	-	99	206,757	414,887	1,582,617
Due from other funds	20,245,214	-	527,748	-	19,469,457	-	19,884,072	-	60,126,491
Loans receivable	1,364,824	-	-	-	-	-	3,488,184	-	4,853,008
Inventories	-	-	-	-	425,000	-	-	-	425,000
Prepaid items	111,462	-	4,508	-	-	4,700	2,061,478	-	2,182,148
Total Assets	91,606,618	322,567	4,158,044	16,815,031	31,910,350	284,990	76,361,971	16,869,836	238,329,407
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable	1,220,194	-	919,363	-	26,804	27,808	4,486,355	409,396	7,089,920
Due to other governments	48,551	-	-	9,785	-	4,242	-	276,876	339,454
Due to other funds	394,349	133,399	-	15,614,191	-	-	-	-	16,141,939
Retainage payable	-	-	-	-	-	-	932,579	26,413	958,992
Accrued payroll and related liabilities	346,130	-	-	-	-	-	-	-	346,130
Unearned revenue	273,568	170,282	-	-	-	-	4,264,855	134,298	4,843,003
Deposits payable	258,364	-	-	-	-	88,554	-	-	346,918
Total Liabilities	2,541,156	303,681	919,363	15,623,976	26,804	120,604	9,683,789	846,983	30,066,356
Deferred Inflows of Resources:									
Property taxes	7,901,376	-	-	-	-	-	-	-	7,901,376
Total Deferred Inflows of Resources	7,901,376	-	-	-	-	-	-	-	7,901,376
Fund Balances:									
Non-spendable	21,591,582	-	4,508	-	19,894,457	4,700	5,549,662	-	47,044,909
Restricted	3,260,063	-	240,000	230,000	-	-	-	-	3,730,063
Committed	24,171,736	18,886	2,994,173	-	11,989,089	159,686	51,344,535	16,022,853	106,700,958
Assigned	-	-	-	961,055	-	-	9,783,985	-	10,745,040
Unassigned	32,140,705	-	-	-	-	-	-	-	32,140,705
Total Fund Balances	81,164,086	18,886	3,238,681	1,191,055	31,883,546	164,386	66,678,182	16,022,853	200,361,675
Total Liabilities and Fund Balances	91,606,618	322,567	4,158,044	16,815,031	31,910,350	284,990	76,361,971	16,869,836	238,329,407

Town of Vail, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Total Governmental Fund Balances		200,361,675
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.		290,267,565
Other long-term assets and unearned charges are not available as current financial resources and, therefore, are not reported in the funds.		
Interfund loans receivable	65,145,241	
Accrued interest income	21,801	
Pension forfeiture receivable	1,011,544	
		66,178,586
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.		14,575,692
Long-term liabilities, including bonds payable, bond premiums, interest payable, financed purchases, and compensated absences within governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences and retirement bonus	(3,594,496)	
Bonds payable	(63,155,000)	
Premium on bonds	(2,100,072)	
Refinancing loan	(3,274,000)	
Lease purchase financing	(10,525,000)	
SBITA payable	(733,615)	
Accrued interest payable	(304,811)	
		(83,686,994)
Net Position of Governmental Activities		487,696,524

Town of Vail, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

		Special Revenue Funds					Capital Projects Funds		
	General Fund	Vail Marketing Fund	Vail Local Marketing District	Vail Reinvestment Authority	Housing Fund	Internal Employee Housing Rental	Capital Projects Fund	Real Estate Transfer Tax Fund	Total Governmental Funds
Revenues:									
Taxes	44,640,948	-	5,354,371	7,030,674	5,266,534	-	19,988,568	9,767,746	92,048,841
Permits and licenses	3,569,540	360,220	-	-	-	-	-	-	3,929,760
Intergovernmental revenue	3,044,365	-	-	-	-	-	3,851,422	5,081,906	11,977,693
Charges for services	13,569,675	-	-	-	-	1,238,284	168,826	197,477	15,174,262
Investment income	2,662,347	11,475	143,514	625,947	478,613	8,992	2,117,543	855,963	6,904,394
Miscellaneous	218,588	-	1,321	-	1,323,157	13,222	44,040	221,875	1,822,203
Total Revenues	67,705,463	371,695	5,499,206	7,656,621	7,068,304	1,260,498	26,170,399	16,124,967	131,857,153
Expenditures:									
General government	11,773,821	-	-	-	-	1,096,112	-	-	12,869,933
Public safety	17,763,231	-	-	-	-	-	-	673,956	18,437,187
Public works and transportation	24,640,067	-	-	-	4,696,200	-	35,165,876	4,121,914	68,624,057
Culture and recreation	1,760,273	-	-	-	-	-	-	4,672,616	6,432,889
Economic development	2,310,817	18,011	7,977,699	873,783	-	-	-	141,279	11,321,589
Debt service:						-			
Principal	-	-	-	636,000	-	-	1,176,745	-	1,812,745
Interest	-	-	-	42,745	-	-	2,023,727	-	2,066,472
Total Expenditures	58,248,209	18,011	7,977,699	1,552,528	4,696,200	1,096,112	38,366,348	9,609,765	121,564,872
Excess (Deficiency) of Revenues Over Expenditures	9,457,254	353,684	(2,478,493)	6,104,093	2,372,104	164,386	(12,195,949)	6,515,202	10,292,281
Other Financing Sources (Uses):									
Sale of assets	4,774	-	-	-	-	-	79,950	-	84,724
Subscriptions issued	-	-	-	-	-	-	955,360	-	955,360
Debt proceeds, net	-	-	-	-	-	-	65,308,920	-	65,308,920
Debt issuance costs	-	-	-	-	-	-	(464,062)	-	(464,062)
Transfers in	-	-	2,503,834	-	11,492,366	-	21,231,721	70,010	35,297,931
Transfers (out)	(2,114,145)	(459,699)	-	(15,484,572)	(10,000,000)	-	(62,170,761)	(5,747,149)	(95,976,326)
Total Other Financing Sources (Uses)	(2,109,371)	(459,699)	2,503,834	(15,484,572)	1,492,366	-	24,941,128	(5,677,139)	5,206,547
Net Change in Fund Balances	7,347,883	(106,015)	25,341	(9,380,479)	3,864,470	164,386	12,745,179	838,063	15,498,828
Fund Balances - January 1	73,816,203	124,901	3,213,340	10,571,534	28,019,076	-	53,933,003	15,184,790	184,862,847
Fund Balances - December 31	81,164,086	18,886	3,238,681	1,191,055	31,883,546	164,386	66,678,182	16,022,853	200,361,675

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

Town of Vail, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances of Governmental Funds		15,498,828
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.		18,720,531
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.		(365,160)
The issuance of long-term debt (i.e. certificates of participation) interfund receivable provides current financial resources to governmental funds, and the repayment of bond and lease principal are expenditures in the governmental funds. Neither transaction, however, has any effect on net position. This is the amount of principal repayments and bond proceeds.		
Principal repayments	1,812,745	
Interfund advance to business-type activities	65,145,241	
Bond proceeds, net of premium	(66,264,280)	
		693,706
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Accrued interest income	(2,544)	
Pension forfeitures	212,764	
		210,220
Some expenses reported in the Statement of Activities - such as changes in accrued interest, compensated absences, and transfers of capital assets - do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	(284,097)	
Bond premium amortization	53,848	
Change in compensated absences	(515,775)	
		(746,024)
Change in Net Position of Governmental Activities		34,012,101

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

Town of Vail, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2025

	Business-type Activities					
	Enterprise Funds					Governmental Activities - Internal Service Funds
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	Vail Home Partners Corp.	TOTAL	
Assets:						
Current Assets:						
Equity in pooled cash and investments	-	3,600,734	-	-	3,600,734	5,843,530
Cash and cash equivalents - Unrestricted	6,366,248	-	670,211	63,123	7,099,582	-
Accounts receivable, net of allowance for uncollectibles	-	-	16,328	594,790	611,118	2,005,723
Inventory	-	-	-	-	-	492,204
Prepaid expenses	-	-	-	-	-	60,100
Total - Current Assets	6,366,248	3,600,734	686,539	657,913	11,311,434	8,401,557
Non-current Assets:						
Cash and cash equivalents - Restricted	13,145	-	337,406	162,420,562	162,771,113	-
Loan receivable	49,060,555	-	-	-	49,060,555	-
Property, plant, and equipment, net of accumulated depreciation	-	539,186	32,105,906	33,539,741	66,184,833	7,740,872
Total - Non-current Assets	49,073,700	539,186	32,443,312	195,960,303	278,016,501	7,740,872
Total Assets	55,439,948	4,139,920	33,129,851	196,618,216	289,327,935	16,142,429
Liabilities:						
Current Liabilities:						
Accounts payable	9,931	27,942	43,894	3,096,825	3,178,592	1,420,155
Accrued salaries and wages	-	46,663	-	-	46,663	9,139
Interfund payable	43,984,553	-	-	-	43,984,553	-
Interest payable	21,801	-	62,366	1,879,042	1,963,209	-
Unearned revenue	-	-	210,320	-	210,320	-
Deposits payable	-	-	140,310	-	140,310	-
Current portion of bonds payable	-	-	470,000	-	470,000	-
Current portion of notes payable	413,643	-	-	-	413,643	-
Current portion of compensated absences	-	59,167	-	-	59,167	41,233
Total - Current Liabilities	44,429,928	133,772	926,890	4,975,867	50,466,457	1,470,527
Non-current Liabilities:						
Bonds payable, net of current portion	-	-	22,792,532	124,984,551	147,777,083	-
Notes payable, net of current portion	3,074,541	-	-	65,145,241	68,219,782	-
Compensated absences, net of current portion	-	138,056	-	-	138,056	96,210
Total - Non-current Liabilities	3,074,541	138,056	22,792,532	190,129,792	216,134,921	96,210
Total Liabilities	47,504,469	271,828	23,719,422	195,105,659	266,601,378	1,566,737
Net Position:						
Net investment in capital assets	-	539,186	9,074,520	854,644	10,468,350	7,740,872
Restricted for emergencies	-	-	-	184,000	184,000	-
Unrestricted	7,935,479	3,328,906	335,909	473,913	12,074,207	6,834,820
Total Net Position	7,935,479	3,868,092	9,410,429	1,512,557	22,726,557	14,575,692

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, 2025

	Business-type Activities					
	Enterprise Funds					Governmental Activities - Internal Service Funds
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	Vail Home Partners Corp.	TOTAL	
Operating Revenues:						
Charges for services - Internal	-	827,331	-	-	827,331	9,254,583
Charges for services - External	-	1,982,148	-	-	1,982,148	874,927
Rents	-	-	1,807,398	-	1,807,398	-
Insurance reimbursements	-	-	-	-	-	2,522,732
Other	-	-	233,074	-	233,074	94
Total Operating Revenues	-	2,809,479	2,040,472	-	4,849,951	12,652,336
Operating Expenses:						
Operations	76,899	4,021,044	712,622	318	4,810,883	3,672,783
Health claims and premiums	-	-	-	-	-	8,549,503
Depreciation	-	113,891	852,003	-	965,894	1,283,667
Total Operating Expenses	76,899	4,134,935	1,564,625	318	5,776,777	13,505,953
Operating Income (Loss)	(76,899)	(1,325,456)	475,847	(318)	(926,826)	(853,617)
Non-Operating Revenues (Expenses):						
Intergovernmental revenues	-	1,246,961	-	-	1,246,961	41,791
Gain (loss) on disposal of assets	-	-	-	-	-	(72,821)
Investment income	9,873	142,427	3,792	4,282,624	4,438,716	324,512
Interest expense	(52,832)	-	(664,213)	(4,629,638)	(5,346,683)	-
Financing fees	-	-	(1,750)	(1,478,307)	(1,480,057)	-
Project reimbursements	-	170	-	-	170	-
Total Non-Operating Revenues (Expenses)	(42,959)	1,389,558	(662,171)	(1,825,321)	(1,140,893)	293,482
Income (Loss) Before Transfers and Capital Contributions	(119,858)	64,102	(186,324)	(1,825,639)	(2,067,719)	(560,135)
Transfers, net	-	-	-	(4,466,846)	(4,466,846)	-
Capital contributions, net	-	-	-	7,805,042	7,805,042	194,975
Change in Net Position	(119,858)	64,102	(186,324)	1,512,557	1,270,477	(365,160)
Net Position - January 1	8,055,337	3,803,990	9,596,753	-	21,456,080	14,940,852
Net Position - December 31	7,935,479	3,868,092	9,410,429	1,512,557	22,726,557	14,575,692

Town of Vail, Colorado
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2025

	Business-type Activities					
	Enterprise Funds					Governmental Activities - Internal Service Funds
	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	Vail Home Partners Corp.	TOTAL	
Cash Flows From Operating Activities:						
Cash received from other funds	-	827,331	-	-	827,331	9,254,584
Cash received from tenants for rent	-	-	1,810,668	-	1,810,668	-
Other cash receipts	-	1,982,897	233,074	-	2,215,971	1,551,527
Cash paid for goods and services	(13,591,032)	(685,373)	(704,227)	(318)	(14,980,950)	(9,778,951)
Cash paid to employees	-	(3,249,144)	-	-	(3,249,144)	(1,467,586)
Net Cash Provided (Used) by Operating Activities	(13,591,032)	(1,124,289)	1,339,515	(318)	(13,376,124)	(440,426)
Cash Flows From Non-Capital Financing Activities:						
Transfer (to) other funds	(407,530)	-	-	(4,466,846)	(4,874,376)	-
Transfer from other funds	13,056,202	-	-	-	13,056,202	-
Cash received from operating grants	-	1,246,961	-	-	1,246,961	41,791
Cash received from project reimbursements		170		-	170	-
Net Cash Provided (Used) by Non-Capital Financing Activities	12,648,672	1,247,131	-	(4,466,846)	9,428,957	41,791
Cash Flows From Capital and Related Financing Activities:						
Cash received on disposal of fixed assets	-	-	-	-	-	164,670
Cash received from interfund loan	-	-	-	65,145,241	65,145,241	-
Cash received from bond issuance	-	-	-	124,969,005	124,969,005	-
Principal repaid on bonds and notes	-	-	(550,675)	-	(550,675)	-
Interest paid	(55,379)	-	(665,712)	(2,735,050)	(3,456,141)	-
Financing fees paid	-	-	(1,750)	-	(1,750)	-
Bond issuance costs paid	-	-	-	(1,478,309)	(1,478,309)	-
Acquisition and construction of capital assets	-	-	-	(22,637,872)	(22,637,872)	(2,050,846)
Net Cash Provided (Used) by Capital and Related Financing Activities	(55,379)	-	(1,218,137)	163,263,015	161,989,499	(1,886,176)
Cash Flows From Investing Activities:						
Interest on investments	9,873	142,427	3,792	3,687,834	3,843,926	324,510
Net Cash Provided (Used) by Investing Activities	9,873	142,427	3,792	3,687,834	3,843,926	324,510
Net Increase (Decrease) in Cash and Cash Equivalents	(987,866)	265,269	125,170	162,483,685	161,886,258	(1,960,301)
Cash and Cash Equivalents - January 1	7,367,259	3,335,465	882,447	-	11,585,171	7,803,831
Cash and Cash Equivalents - December 31	6,379,393	3,600,734	1,007,617	162,483,685	173,471,429	5,843,530
Cash and Cash Equivalents at December 31 is Comprised of:						
Equity in pooled cash and investments	-	3,600,734	-	-	3,600,734	5,843,530
Cash and cash equivalents - Unrestricted	6,366,248	-	670,211	63,123	7,099,582	-
Cash and cash equivalents - Restricted	13,145	-	337,406	162,420,562	162,771,113	-
Total - Cash and Cash Equivalents	6,379,393	3,600,734	1,007,617	162,483,685	173,471,429	5,843,530
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income / (loss)	(76,899)	(1,325,456)	475,847	(318)	(926,826)	(853,617)
Adjustments:						
Depreciation	-	113,891	852,003	-	965,894	1,283,667
(Increase) decrease in accounts receivable	(8,641,322)	749	-	-	(8,640,573)	(1,846,225)
(Increase) decrease in rent receivable	-	-	5,460	-	5,460	-
(Increase) decrease in inventory	-	-	-	-	-	26,537
(Increase) decrease in prepaid expenses	-	11,062	-	-	11,062	-
Increase (decrease) in accounts payable	(4,872,811)	17,364	8,395	-	(4,847,052)	946,576
Increase (decrease) in tenant security deposits	-	-	(6,041)	-	(6,041)	-
Increase (decrease) in prepaid rent	-	-	3,851	-	3,851	-
Increase (decrease) in accrued wages and benefits	-	58,101	-	-	58,101	2,636
Total Adjustments	(13,514,133)	201,167	863,668	-	(12,449,298)	413,191
Net Cash Provided (Used) by Operating Activities	(13,591,032)	(1,124,289)	1,339,515	(318)	(13,376,124)	(440,426)
Non-cash Investing, Capital and Financing Activities:						
Assets contributed by Governmental Funds	-	-	-	7,805,042	7,805,042	194,975

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, 2025

	Pension Trust	Deferred Compensation Plan
Assets:		
Cash and investments - Restricted	106,436,041	33,710,407
Loans to participants	385,893	-
Total Assets	106,821,934	33,710,407
Liabilities:		
Accrued liabilities	-	-
Total Liabilities	-	-
Net Position:		
Held in trust for pension benefits and other purposes	106,821,934	33,710,407
Total Net Position	106,821,934	33,710,407

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, 2025

	Pension Trust	Deferred Compensation Plan
Additions:		
Contributions:		
Contributions	5,318,844	3,073,023
Net investment earnings:		
Investment earnings	13,639,591	4,454,841
Investment expenses	(20,649)	(16,301)
Net investment earnings	13,618,942	4,438,540
Total Additions	18,937,786	7,511,563
Deductions:		
Benefits paid	14,891,054	3,311,084
Total Deductions	14,891,054	3,311,084
Change in Net Position	4,046,732	4,200,479
Net Position - January 1	102,775,202	29,509,928
Net Position - December 31	106,821,934	33,710,407

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

The accompanying financial statements present the primary government and its component units; entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. There are three blended component units reported in the Town's financial statements: Vail Local Marketing District ("VLMD"), Vail Reinvestment Authority ("VRA"), and Vail Home Partners Corporation ("VHP"). The financial statements of these entities can be obtained from the Town's administrative offices. A fourth 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.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

3. Vail Home Partners Corporation

Vail Home Partners Corporation (the "Corporation") was organized under the provisions of the Colorado Nonprofit Corporation Act, Articles 121 through 137 of Title 7, Colorado Revised Statutes, as amended, for the purpose of acquiring, constructing, operating, maintaining and developing multifamily rental housing projects, by ordinance duly approved and adopted by the Town of Vail on February 18, 2025. The Corporation's board consist of six members, five of which are Town employees or elected board members. The Corporation is reported as a proprietary fund.

4. 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, 2025, 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.

I. Summary of Significant Accounting Policies (continued)

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

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.

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 *Internal Employee Housing Rental Fund* accounts for the rental revenue collected from Town of Vail employees and expenses related to the management of 88 designated employee rental units.

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.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The *Housing Fund* accounts for the collection of a 0.5% sales tax dedicated to housing projects, programs, and initiatives.

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 Town began redevelopment of the property in 2024 into deed restricted for sale housing units. This fund now accounts for the construction of the property expected to be completed in late 2026.

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 constructed by the Town.

The *Vail Home Partners Corporation* accounts for the 268-unit rental housing project constructed by the Town. The Town began development of this property in 2025. It is expected to begin operations in 2027.

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.

I. Summary of Significant Accounting Policies (continued)

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

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 financed purchases are reported as other financing sources.

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 include 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.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation (continued)

1. Equity in Pooled Cash and Investments (continued)

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

2. Cash, Cash Equivalents, and Investments

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

Cash 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 or net asset 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. The Housing Fund records inventory for affordable housing units held for sale.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation (continued)

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.

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.

8. Subscription Based Information Technology Arrangement (“SBITA”)

The Town is party to a noncancellable right-of-use subscription asset. The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation (continued)

8. Subscription Based Information Technology Arrangement (“SBITA”) (continued)

At the commencement of a SBITA, the Town initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The subscription is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the Town determines the following:

Discount Rate: The Town uses the interest rate charged by the lessor as the discount rate to discount the expected payments to present value. When the interest rate charged by the lessor is not provided, the Town uses its incremental rate of borrowing.

Term: The subscription term includes the noncancellable period of the term and extended term(s) that the Town is reasonably certain to exercise.

Payments: Payments included in the measurement of the subscription liability are composed of fixed increasing payments, and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its liabilities and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

9. Compensated Absences

The Town estimates how much of vacation or sick leave is more likely than not to be used as paid leave and recognizes that portion as a liability for 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 and sick 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 and sick leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts Presentation (continued)

10. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify 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.

11. Unearned Revenue

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

12. Fund Balance Classifications

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV.J.

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 Funds Balance Sheet and the Government-wide Statement of Net Position

These financial statements include a reconciliation between the total fund balances of all governmental funds presented on the Governmental Funds Balance Sheet and the net position of governmental activities reported on 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 $290,094,565 difference is related to property, plant and equipment of $503,123,139 less accumulated depreciation of $213,028,573.

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 $66,178,586 difference is comprised of interfund loans receivable of $65,145,241, pension forfeitures of $1,011,544, and interest receivable of $21,801.

Net position totaling $14,575,692 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, financed purchases, and compensated absences within governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.*" This $83,686,996 difference is related to bonds and notes payable of $79,054,072, accrued compensated absences of $3,526,498, retirement bonus payable of $68,000, SBITA payable of $733,615, and interest payable of $304,811.

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

These financial statements include a reconciliation between the total net change in fund balances of all governmental funds presented on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of governmental activities 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 $18,547,531 difference is comprised of capital outlay of $36,6654,173 less depreciation expense of $13,734,216; net book value of disposed assets of $780,346 and net book value of transferred assets of $3,592,080.

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	Vail Home Partners Corporation	Heavy Equipment Fund
Change in Net Position - Budget Basis	$ (527,388)	$ 222,128	$ 215,679	159,981,650	$ (454,961)
add/(less):					
Capital contributions	-	-	-	7,805,042	194,975
Interfund advances	(8,641,322)	-	-	(65,145,241)	-
Loan principal repayment to Capital Projects Fund	407,530	-	-	-	-
Bond principal payments	-	-	450,000	-	-
Bond proceeds	-	-	-	(126,035,000)	-
Bond premium (discount)	-	-	-	1,065,995	-
Reimbursable capital outlays	8,641,322	-	-	-	-
Change in accrued compensated absences	-	(44,135)	-	-	687
Capitalized assets	-	-	-	25,734,699	2,050,846
Net book value of disposed assets	-	-	-	-	(237,491)
Depreciation	-	(113,891)	(852,003)	-	(1,283,667)
Change in Net Position - GAAP Basis	$ (119,858)	$ 64,102	$ (186,324)	$ 3,407,145	$ 270,389

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The Town followed these procedures in preparing, approving, and enacting its budget for 2025:

(1) For the 2025 budget year, prior to August 25, 2024, 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 2024 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
(3) Prior to December 15, 2024, 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 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. 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 2025:

(1) On or before September 30, 2024, 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 17, 2024.
(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, 2024. The Board adopted the 2025 budget on October 15, 2024.
(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.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

VRA's budget timetable generally aligns with Town's in order to reflect reimbursements for capital projects within the VRA district. VRA followed these procedures in preparing, approving, and enacting its budget for 2025:

(1) For the 2025 budget year, prior to August 25, 2024, the County Assessor sent the Town a certified assessed valuation of all taxable property within the VRA's boundaries.
(2) After appropriate public notice and a required public hearing, the VRA must adopt the proposed budget and a resolution that legally appropriated expenditures for the upcoming year. This resolution generally aligns with the Town's second reading of the budget ordinance. The VRA adopted the 2025 budget on December 3, 2024.
(3) After adoption of the initial budget resolution, VRA 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.

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, 2025 fund balance in the General Fund and the Vail Reinvestment Authority Fund for this purpose in the amounts of $3,247,000 and $230,000, respectively, which are the approximate required reserves.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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.

C. TABOR Amendment – Vail Local Marketing District

As required by TABOR, VLMD has reserved $240,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2025.

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.

D. TABOR Amendment – Vail Home Partners Corporation

As required by TABOR, VLMD has reserved $184,000 of its fund balance for emergencies, which is the approximate required reserve at December 31, 2025.

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 $39,066,460. The difference between the bank balance and book balance is primarily due to deposits in transit or outstanding checks at December 31, 2025.

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

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

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

		Fair Value Measurements Using		
Investments Measured at Fair Value:	**Total**	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 21,612,203	$ -	$ 21,612,203	$ -
US Agency bonds	5,232,854	-	5,232,854	-
Mortgage pools	35,043,084	-	-	35,043,084
Total	$ 61,888,141	$ -	$ 26,845,057	$ 35,043,084
Investments Measured at Net Asset Value:				
COLOTRUST	$ 69,653,989			

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

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:

Investment Type	Rating	Percentage
COLOTRUST	AAAm	28%

IV. Detailed Notes on all Funds (continued)

A. Deposit and Investments (continued)

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

Type	Rating	Maturities	Carrying Value
Deposits:			
Cash on hand			$ 1,930
Demand deposits			200,311,437
Certificates of deposit		<1 year	19,463,647
Certificates of deposit		<5 years	2,148,556
Total - Deposits			$ 221,925,570
Investments:			
US Agency bonds	AA+	N/A	$ 5,232,854
Mortgage pools	AA+	N/A	35,043,084
COLOTRUST	AAAm	N/A	69,653,989
Pension and Section 457 investments	N/A	N/A	140,532,341
Total - Investments			$ 250,462,268
Total deposits and investments			$ 472,387,838
Reconciliation to Statement of Net Position:			
Equity in pooled cash and investments			$ 141,528,894
Cash and cash equivalents - Unrestricted			26,543,946
Cash and cash equivalents - Restricted			163,782,657
Fiduciary funds			140,532,341
Total			$ 472,387,838

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

IV. Detailed Notes on all Funds (continued)

B. Receivables

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

	General Fund	Vail Marketing Fund	Vail Local Marketing District	Housing Fund	Internal Employee Housing Rentals	Capital Projects Fund
Receivables:						
Property taxes	$ 7,901,376	$ -	$ -	$ -	$ -	$ -
Other taxes	7,491,206	-	953,153	742,872	-	-
Other governments	341,664	-	-	-	-	139,895
Other	935,076	502	60,296	-	99	206,757
Receivables - Gross	16,669,322	502	1,013,449	742,872	99	346,652
Less: Allowance for uncollectibles	(35,000)	-	-	-	-	-
Receivables, net	$ 16,634,322	$ 502	$ 1,013,449	$ 742,872	$ 99	$ 346,652

	Timber Ridge	Dispatch Services Fund	Residences at Main Vail	Vail Home Partners Corporation	Heavy Equipment Fund	Health Insurance Fund
Receivables:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-
Other governments	-	-	-	-	-	-
Other	-	-	16,328	594,790	43,610	1,962,113
Receivables - Gross	-	-	16,328	594,790	43,610	1,962,113
Less: Allowance for uncollectibles	-	-	-	-	-	-
Receivables, net	$ -	$ -	$ 16,328	$ 594,790	$ 43,610	$ 1,962,113

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 $4,843,004 at December 31, 2025 and is comprised of the following:

	General Fund	Vail Marketing Fund	Capital Projects Fund	Real Estate Transfer Tax Fund	Total
Unearned revenues:					
Business licenses	$ -	$ 170,282	$ -	$ -	$ 170,282
Art projects	-	-	-	52,117	52,117
Environmental programs	-	-	-	82,181	82,181
Parking fees	129,940	-	-	-	129,940
Library grants	64,292	-	-	-	64,292
Police programs	79,336	-	-	-	79,336
Construction projects	-	-	4,264,855	-	4,264,855
	$ 273,568	$ 170,282	$ 4,264,855	$ 134,298	$ 4,843,003

Unearned revenue for construction projects in the Capital Projects Fund includes $2,345,061 collected from Holy Cross Energy for community enhancement to place utilities underground and $1,919,794 collected from developers for road improvements. The revenue will be recognized in the year the money is spent.

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Loans receivable for governmental activities at December 31, 2025 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, 2025 was $1,364,824.

During 2024, the Town executed an agreement with Triumph Timber Ridge, LLC ("the Developer") detailing the Town's participation in the Developer's redevelopment of the Timber Ridge Apartments into deed-restricted employee housing. As part of the agreement, the Timber Ridge Enterprise Fund contributed land of $10,446,722 and construction services totaling $38,613,833 in 2024 and 2025 to the Developer, and recorded a cost reimbursement receivable which is to be repaid from future proceeds on sales of the new deed-restricted units. Under the terms of the agreement, net sales proceeds are designated to pay half the Developer's fee and construction loan prior to repaying contributions by the Town; consequently, this is reported as a long-term loan receivable.

C. Capital Assets

Capital asset activity for the Town's governmental activities during 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 44,601,538	$ 2,732,438	$ (329,646)	$ 47,004,330
Art	3,078,876	93,800	-	3,172,676
Construction in process	11,410,598	22,929,294	(5,077,760)	29,262,132
Intangibles	17,689,545	532,482	-	18,222,027
Total Capital Assets, Not Being Depreciated	76,780,557	26,288,014	(5,407,406)	97,661,165
Capital Assets, Being Depreciated:				
Buildings and improvements	157,563,046	6,431,079	(1,474,406)	162,519,719
Infrastructure and improvements	190,842,621	1,884,713	-	192,727,334
Equipment and vehicles	65,448,532	4,915,122	(3,007,850)	67,355,804
Subscription assets	-	955,360	-	955,360
Total Capital Assets Being Depreciated	413,854,199	14,186,274	(4,482,256)	423,558,217
Less Accumulated Depreciation For:				
Buildings and improvements	(69,881,235)	(3,588,006)	1,108,905	(72,360,336)
Infrastructure and improvements	(109,190,402)	(6,076,329)	-	(115,266,731)
Equipment and vehicles	(32,999,875)	(5,242,089)	2,769,546	(35,472,418)
Subscription assets	-	(111,459)		(111,459)
Total Accumulated Depreciation	(212,071,512)	(15,017,883)	3,878,451	(223,210,944)
Total Capital Assets Being Depreciated, Net	201,782,687	(831,609)	(603,805)	200,347,273
Governmental Activities Capital Assets, Net	$ 278,563,244	$ 25,456,405	$ (6,011,211)	$ 298,008,438

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the Town's business-type activities during 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 171,020	$ 2,960,381	$ -	$ 3,131,401
Construction in process	-	30,579,360	-	30,579,360
Total Capital Assets, Not Being Depreciated	171,020	33,539,741	-	33,710,761
Capital Assets, Being Depreciated:				
Buildings and improvements	33,847,083	-	-	33,847,083
Equipment	1,379,532	-	-	1,379,532
Total Capital Assets Being Depreciated	35,226,615	-	-	35,226,615
Less Accumulated Depreciation For:				
Buildings and improvements	(1,092,979)	(846,178)	-	(1,939,157)
Equipment	(693,670)	(119,716)	-	(813,386)
Total Accumulated Depreciation	(1,786,649)	(965,894)	-	(2,752,543)
Total Capital Assets Being Depreciated, Net	33,439,966	(965,894)	-	32,474,072
Business-type Activities Capital Assets, Net	$ 33,610,986	$ 32,573,847	$ -	$ 66,184,833

Depreciation expense for 2025 was charged to functions of the Town as follows:

Governmental Activities:	
General government	$ 2,054,664
Public safety	713,200
Public works and transportation	9,836,603
Culture and recreation	2,284,557
Economic development	17,400
Total Depreciation Expense - Governmental Activities	$ 14,906,424
Business-type Activities:	
Dispatch services	$ 113,891
Housing	852,003
Total Depreciation - Business-type Activities	$ 965,894

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

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

At December 31, 2025, the Town had $91,216,292 of fully-depreciated assets.

IV. Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers

At December 31, 2025, VRA owed the Capital Projects Fund $15,484,572 for construction costs for the redevelopment of Dobson arena. VRA also owed the General Fund management fees totaling $129,619 at December 31, 2025.

Timber Ridge Enterprise Fund Interfund Payables

The Timber Ridge Enterprise Fund has a promissory note payable to the Town which is reflected as an internal balance between the governmental activities and business-type activities categories on the Statement of Net Position. The note had an original principal balance of $8 million, bears interest at 1.5% per annum, calls for blended annual payments, and matures in December 2033. Timber Ridge remitted $61,447 of interest to the Town during 2025 and, as of December 31, 2025, had recorded $21,801 of accrued interest payable to the Town. The outstanding principal balance of the note at December 31, 2025 was $3,488,184.

Remaining debt service requirements for this promissory note at December 31, 2025 are as follows:

	Principal	Interest	Total
2026	$ 413,643	$ 49,220	$ 462,863
2027	419,848	42,969	462,817
2028	426,146	36,624	462,770
2029	432,538	30,184	462,722
2030	439,026	23,647	462,673
2031 - 2033	1,356,983	30,734	1,387,717
Totals	$ 3,488,184	$ 213,378	$ 3,701,562

Timber Ridge anticipates that the remaining balance of this note will be paid with repayments received on Timber Ridge's loan receivable from Triumph Timber Ridge, LLC (as described in Note IV.B).

Other Timber Ridge Interfund Advances

During 2024 and in connection with the agreement for redevelopment of the Timber Ridge property, the General Fund and Housing Fund advanced $20,115,596 and $10,812,755, respectively, to the Timber Ridge Enterprise Fund to fund costs of the project. During 2025, the Housing fund advanced an additional $8,656,702 to the Timber Ridge Fund. Both advances are expected to be repaid with proceeds from the sale of the new deed-restricted units to be constructed.

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

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

IV. Detailed Notes on all Funds (continued)

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

Vail Home Partners Corporation Notes Receivable

During 2025, the Capital Projects fund issued Certificates of Participation, Series 2025, in the amount of $63,155,00 in order to fund the affordable housing project under Vail Home Partners Corporation (“VHP”). The Capital Projects advanced $55,145,241 of the proceeds, bearing interest of 0%, and shall be paid after the payment of VHP’s bonds. The Housing Fund additionally loaned $10,000,000 to VHP under the same terms of the Capital Projects Fund loan.

Interfund payable and receivable balances

Total interfund balances for the Town are as follows:

Fund	Due From	Due To	Purpose
General Fund	$ 20,245,214	$ 394,349	Loan receivable from Timber Ridge, management fees payable
Housing Fund	19,469,457	-	Loan receivable from Timber Ridge
Capital Projects Fund	23,372,256	-	Loan receivable from Timber Ridge, reimbursement for Dobson arena
Marketing Fund	-	133,399	Special event funding to VLMD
VLMD	527,748	-	Receivables for management fees and funds from Marketing
VRA	-	15,614,190	Management fees payable, reimbursement for Dobson arena
Timber Ridge Fund	-	47,472,737	Loan payable to governmental funds
Vail Home Partners Corporation	-	65,145,241	Long-term interfund payable to government-wide
Government-Wide	65,145,241	-	Notes receivable from Vail Home Partners Corporation
Totals	$ 128,759,916	$ 128,759,916	

E. Long-term Liabilities - Debt

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

1. 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.

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities – Debt (continued)

2. 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 Residences at Main Vail. 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.

3. 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.

4. Certificates of Participation, Series 2025

The Town issued $63,155,000 of Certificates of Participation dated May 20, 2025 (the “the Series 2025 Certificates”), with proceeds used to finance the acquisition, construction, installation, and equipping of rental workforce housing. The interest rates on the Series 2025 Certificates range from 5.0% to 5.5% and are payable on May 15 and November 15 through 2064. The Series 2025 Certificates maturing on or after December 1, 2035 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, 2045, 2050, 2055, and 2064 are subject to a mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date.

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

5. Housing Facilities Revenue Bonds, Series 2025

VHP issued housing facilities revenue bonds on May 20, 2025 in the amount of $126,035,000 to fund the construction of an affordable housing unit rental development. The interest rates on the bonds range from 5.75% to 6.0% and are payable October 1 and April 1 through 2064. Repayment of the bonds will be funded by rents and other related revenues of the housing project.

IV. Detailed Notes on all Funds (continued)

F. 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 and sick pay earned by employees at December 31, 2025 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 $1,283,600 at December 31, 2025 has been reflected in the Town's financial statements as the amount that is more likely than not to be used as paid sick leave.

G. Subscription-Based Information Technology Arrangements ("SBITA")

The Town entered into a SBITA for the use of the payroll software. The agreement consists of annual payments ranging from $198,888 to $206,316 beginning in May 2025, for a five-year term ending May 2030. The agreement has an interest rate of 5.36%. Future principal and interest payments are as follows:

	Principal	Interest	Total
2026	185,962	39,322	225,284
2027	169,534	29,354	198,888
2028	182,299	20,267	202,566
2029	195,820	10,496	206,316
Total	$ 733,615	$ 99,439	$ 833,054

H. 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, 2025.

IV. Detailed Notes on all Funds (continued)

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

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax Increment Revenue Refunding Loan, Series 2020	$ 3,910,000	$ -	$ (636,000)	$ 3,274,000	$ 641,000
Lease Purchase Financing, Series 2021	11,480,000	-	(955,000)	10,525,000	970,000
Certificates of Participation, 2025	-	63,155,000	-	63,155,000	-
Debt issuance premium	-	2,153,920	(53,848)	2,100,072	-
SBITA payable	-	955,360	(221,745)	733,615	185,962
Compensated absences *	3,122,853	541,088	-	3,663,941	1,099,183
Total Governmental Activities Long-term Liabilities	$ 18,512,853	$ 66,805,368	$ (1,866,593)	$ 83,451,628	$ 2,896,145
Business-type Activities:					
2021 Certificates of Participation	$ 21,095,000	$ -	$ (450,000)	$ 20,645,000	$ 470,000
Debt issuance premium	2,718,207	-	(100,674)	2,617,533	-
Housing Facilities Revenue Bonds, Series 2025	-	126,035,000	-	126,035,000	-
Debt issuance discount	-	(1,065,995)	15,545	(1,050,450)	-
Compensated absences *	153,088	-	44,135	197,223	59,167
Total Business-type Activities Long-term Liabilities	$ 23,966,295	$ 124,969,005	$ (490,994)	$ 148,444,306	$ 529,167

* The changes in the compensated absences liabilities are presented as a net change.

Debt service requirements for the governmental activities at December 31, 2025 were as follows:

	Principal	Interest	Total
Governmental Activities:			
2026	$ 1,611,000	$ 3,771,049	$ 5,382,049
2027	1,636,000	3,641,568	5,277,568
2028	1,660,000	3,616,633	5,276,633
2029	1,688,000	3,591,282	5,279,282
2030	1,709,000	3,565,528	5,274,528
2031-2035	5,495,000	17,512,637	23,007,637
2036-2040	50,000	17,177,644	17,227,644
2041-2045	2,050,000	17,050,656	19,100,656
2046-2050	5,975,000	16,245,956	22,220,956
2051-2055	11,645,000	14,244,000	25,889,000
2056-2060	19,710,000	10,475,559	30,185,559
2061-2064	23,725,000	4,000,700	27,725,700
Total Governmental Activities	$ 76,954,000	$ 114,893,212	$ 191,847,212

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.

IV. Detailed Notes on all Funds (continued)

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

Debt service requirements for the business-type activities at December 31, 2025 were as follows:

	Principal	Interest	Total
Business-Type Activities:			
2026	$ 470,000	$ 8,264,556	$ 8,734,556
2027	490,000	8,245,756	8,735,756
2028	505,000	8,226,156	8,731,156
2029	530,000	8,205,956	8,735,956
2030	550,000	8,184,756	8,734,756
2031-2035	3,095,000	40,575,981	43,670,981
2036-2040	3,765,000	39,905,381	43,670,381
2041-2045	7,080,000	38,946,031	46,026,031
2046-2050	15,670,000	36,492,175	52,162,175
2051-2055	22,735,000	31,684,719	54,419,719
2056-2060	38,010,000	23,447,400	61,457,400
2061-2064	53,780,000	9,002,400	62,782,400
Total Business-type Activities	$ 146,680,000	$ 261,181,267	$ 407,861,267

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.

During 2024 and 2025, the General Fund and Housing Fund advanced $20,115,596 and $19,469,457, respectively, to the Timber Ridge Enterprise Fund, as described in Note IV.E. These amounts are considered non-spendable, as proceeds needed to repay the advances are not expected to be received until 2026 or later. Additionally, these amounts are subject to economic risks and uncertainties in connection with the construction of the project and subsequent unit sales.

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.

IV. Detailed Notes on all Funds (continued)

K. Fund Balance Disclosures (continued)

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

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

The Town's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

Components of fund balance classifications reported on the governmental funds balance sheet at December 31, 2025 are as follows:

	General Fund	Vail Marketing Fund	Vail Local Marketing Disctict	Vail Reinvestment Authority	Housing Fund	Internal Employee Housing Rental	Capital Projects Fund
Nonspendable:							
Non-current receivables	$ 1,364,824	$ -	$ -	$ -	$ -	$ -	$ -
Loans to other funds	20,115,296	-	-	-	19,469,457	-	3,488,184
Prepaid items	111,462	-	4,508	-	-	-	2,061,478
Inventories	-	-	-	-	425,000	4,700	-
Total - Nonspendable	$ 21,591,582	$ -	$ 4,508	$ -	$ 19,894,457	$ 4,700	$ 5,549,662
Restricted:							
TABOR emergency reserve	3,247,000	-	240,000	230,000	-	-	-
Police funds	13,063	-	-	-	-	-	-
Total - Restricted	3,260,063	-	240,000	230,000	-	-	-
Committed:							
Employee housing ownership program	$ 474,824	$ -	$ -	$ -			$ -
Capital projects	-	-	-	-	-	-	51,344,535
Parks and recreation	-	-	-	-	-	-	-
Housing	-	-	-	-	11,989,089	159,686	-
Operating reserve	23,696,912	-	-	-	-	-	-
Destination marketing	-	18,886	2,994,172	-	-	-	-
Total - Committed	$ 24,171,736	$ 18,886	$ 2,994,172	$ -	$ 11,989,089	$ 159,686	$ 51,344,535
Assigned:							
Capital maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,783,985
Debt service	-	-	-	961,055	-	-	-
Total - Assigned	$ -	$ -	$ -	$ 961,055	$ -	$ -	$ 9,783,985

The Town has established 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 plan provisions. The first plan covers all full time and qualified seasonal employees other than sworn police officers and firefighters; the second plan covers all full time and qualified seasonal employees of the Town's Police and Fire departments. The plan provisions are the same for both plans.

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

Employees have the option to make voluntary contributions of up to the IRS allowed maximum. 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, 2025 of $106,436,041 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 2025 covered payroll was $33,254,867 of which $29,662,958 was for permanent employees and $3,591,909 was for seasonal staff. Total 2025 payroll for all Town employees was $35,267,665.

V. Other Information (continued)

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

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

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

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

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

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

The total assets of the 457 Plan were $29,509,928 at December 31, 2025. 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”).

V. Other Information (continued)

D. Risk Management (continued)

The following is a summary of the changes in the balances of the claims liability during 2025:

Claims liability, beginning of year	$	400,000
Current year claims		(6,660,193)
Claims payments		7,287,464
Claims liability, end of year	$	1,027,271

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, 2025.

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, 2025.

3. Construction Commitments

The Town's governmental and business-type activities have entered into construction and professional services contracts having remaining commitments under contract as of December 31, 2025, as shown below:

Governmental Activities:		
Housing Fund	$	5,826,849
Capital Projects Fund		35,436,423
RETT Fund		1,553,487
Internal Employee Housing Rental		16,623,099
Total Governmental Activities	$	59,439,858
Business-Type Activities:		
Vail Home Partners Corporation	$	134,508,417

The commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for these contracts are included as liabilities in the financial statements.

V. Other Information (continued)

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

The bonds, which mature in 2038, 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 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.

TOWN OF VAIL

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales taxes	26,280,000	26,330,000	26,290,000	(40,000)	25,327,000
Property and ownership taxes	8,083,644	8,083,644	8,088,653	5,009	8,104,076
Ski area lift ticket admissions tax	6,915,427	6,915,427	6,702,598	(212,829)	6,745,551
Franchise tax	1,359,780	1,359,780	1,274,414	(85,366)	1,258,322
Tobacco tax	551,250	551,250	541,072	(10,178)	540,391
County sales tax	1,522,498	1,522,498	1,593,199	70,701	1,546,306
Penalties and interest on delinquent taxes	60,680	60,680	151,012	90,332	142,694
Total - Taxes	44,773,279	44,823,279	44,640,948	(182,331)	43,664,340
Permits and Licenses:					
Construction fees	1,046,640	1,046,640	993,525	(53,115)	1,169,903
Contractors' licenses	55,272	55,272	66,075	10,803	62,550
Other permits and licenses	2,114,652	2,436,560	2,509,940	73,380	2,355,887
Total - Permits and Licenses	3,216,564	3,538,472	3,569,540	31,068	3,588,340
Intergovernmental:					
County road and bridge	1,094,416	1,094,416	1,056,480	(37,936)	1,090,781
Additional motor vehicle registration fees	25,055	25,055	25,181	126	25,444
Highway users tax	225,000	225,000	260,307	35,307	261,812
Other county sources	87,500	87,500	87,500	-	96,852
Other state sources	385,000	1,333,266	1,355,691	22,425	716,535
Federal sources	236,152	243,237	259,206	15,969	308,432
Total - Intergovernmental	2,053,123	3,008,474	3,044,365	35,891	2,499,856
Charges for Services:					
Management fees - Vail Local Marketing District	175,000	275,000	274,980	(20)	239,887
Internal service charge	914,509	1,247,469	1,382,377	134,908	719,757
Out of district fire response	91,844	91,844	104,657	12,813	100,417
Parking	8,992,252	10,275,496	10,076,983	(198,513)	9,425,892
Fines and forfeitures	219,117	337,117	494,264	157,147	498,731
Rents	740,387	862,187	862,053	(134)	1,927,709
Other charges, services, and sales	305,024	359,024	374,361	15,337	335,605
Total - Charges for Services	11,438,133	13,448,137	13,569,675	121,538	13,247,998
Investment Income:					
Earnings on investments	635,896	2,226,834	2,662,347	435,513	3,904,454
Miscellaneous:					
Miscellaneous	216,000	160,400	218,588	58,188	200,991
Total Revenues	62,332,995	67,205,596	67,705,463	499,867	67,105,979

(Continuing)

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

Town of Vail, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024
(Continued)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General Government:					
Town officials	2,301,959	2,633,520	2,259,227	374,293	2,143,559
Administrative	9,332,323	8,867,302	6,882,734	1,984,568	6,108,917
Community development	3,487,287	3,973,892	1,998,151	1,975,741	1,937,055
Housing	-	-	633,709	(633,709)	1,255,377
Total - General Government	15,121,569	15,474,714	11,773,821	3,700,893	11,444,908
Public Safety:					
Police department	9,286,920	9,693,736	10,118,891	(425,155)	9,131,483
Fire department	7,008,220	7,684,606	7,644,340	40,266	7,036,042
Total - Public Safety	16,295,140	17,378,342	17,763,231	(384,889)	16,167,525
Public Works and Transportation:					
Highways and streets	7,581,641	7,653,658	7,086,985	566,673	6,699,675
Transportation	7,900,451	8,434,048	8,146,695	287,353	7,070,317
Parking operations	3,044,501	3,198,060	2,442,383	755,677	2,346,262
Facility maintenance	7,057,308	7,171,737	6,964,004	207,733	6,533,937
Total - Public Works and Transportation	25,583,901	26,457,503	24,640,067	1,817,436	22,650,191
Culture and Recreation:					
Special recreation facilities	62,500	387,657	392,283	(4,626)	339,855
Library	1,315,918	1,464,791	1,367,990	96,801	1,197,026
Total - Culture and Recreation	1,378,418	1,852,448	1,760,273	92,175	1,536,881
Economic Development:					
Contributions, marketing, and special events	2,211,747	2,800,742	2,310,817	489,925	1,840,549
Total - Economic Development	2,211,747	2,800,742	2,310,817	489,925	1,840,549
Total Expenditures	60,590,775	63,963,749	58,248,209	5,715,540	53,640,054
Excess (Deficiency) of Revenues Over Expenditures	1,742,220	3,241,847	9,457,254	6,215,407	13,465,925
Other Financing Sources (Uses):					
Sale of assets	-	-	4,774	4,774	14,537
Transfers in	-	-	-	-	945,247
Transfers (out)	(3,522,299)	(10,821,542)	(2,114,145)	8,707,397	(2,050,394)
Total Other Financing Sources (Uses)	(3,522,299)	(10,821,542)	(2,109,371)	8,712,171	(1,090,610)
Net Change in Fund Balance	(1,780,079)	(7,579,695)	7,347,883	14,927,578	12,375,315
Fund Balance - January 1	37,778,552	53,700,607	73,816,203	20,115,596	61,440,888
Fund Balance - December 31	35,998,473	46,120,912	81,164,086	35,043,174	73,816,203

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Permits and Licenses:					
Business licenses	350,000	350,000	360,220	10,220	345,095
Investment Income:					
Interest on investments	-	-	11,475	11,475	9,381
Miscellaneous:					
Project reimbursements/shared costs	-	-	-	-	10,600
Total Revenues	350,000	350,000	371,695	21,695	365,076
Expenditures:					
Economic Development:					
Special events	-	-	-	-	1,414,931
Commission on special events	-	-	-	-	839,297
Administration fee	17,500	17,500	18,011	(511)	17,255
Total Expenditures	17,500	17,500	18,011	(511)	2,271,483
Excess (Deficiency) of Revenues Over Expenditures	332,500	332,500	353,684	21,184	(1,906,407)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	1,745,858
Transfers (out)	(460,201)	(460,201)	(459,699)	502	(74,659)
Total Other Financing Sources (Uses)	(460,201)	(460,201)	(459,699)	502	1,671,199
Net Change in Fund Balance	(127,701)	(127,701)	(106,015)	21,686	(235,208)
Fund Balance - January 1	137,701	124,900	124,901	1	360,109
Fund Balance - December 31	10,000	(2,801)	18,886	21,687	124,901

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Lodging tax	5,518,000	5,518,000	5,354,371	(163,629)	5,516,572
Permits and licenses:					
Business licenses	350,000	350,000	-	(350,000)	-
Investment Income:					
Interest on investments	63,000	63,000	143,514	80,514	240,117
Miscellaneous:					
Miscellaneous	-	-	1,321	1,321	-
Total Revenues	5,931,000	5,931,000	5,499,206	(431,794)	5,756,689
Expenditures:					
Economic Development:					
Destination	1,642,166	1,525,644	1,544,722	(19,078)	1,799,800
Front Range	418,485	452,825	373,844	78,981	271,989
Groups and meetings	368,290	368,290	330,428	37,862	303,475
Marketing	2,345,750	1,754,285	1,753,344	941	2,167,624
Special event spending	2,982,500	2,982,500	2,503,834	478,666	-
Purchased services	1,745,809	1,497,456	1,471,527	25,929	1,438,259
Event liason	-	-	-	-	26,000
Total Expenditures	9,503,000	8,581,000	7,977,699	603,301	6,007,147
Excess (Deficiency) of Revenues Over Expenditures	(3,572,000)	(2,650,000)	(2,478,493)	171,507	(250,458)
Other Financing Sources (Uses):					
Transfers in	2,650,000	2,650,000	2,503,834	(146,166)	-
Total Other Financing Sources (Uses)	2,650,000	2,650,000	2,503,834	(146,166)	-
Net Change in Fund Balance	(922,000)	-	25,341	25,341	(250,458)
Fund Balance - January 1	2,510,628	3,213,338	3,213,340	2	3,463,798
Fund Balance - December 31	1,588,628	3,213,338	3,238,681	25,343	3,213,340

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax	7,140,550	7,140,550	7,030,674	(109,876)	7,069,100
Investment Income:					
Interest on investments	50,000	350,000	625,947	275,947	612,766
Total Revenues	7,190,550	7,490,550	7,656,621	166,071	7,681,866
Expenditures:					
Economic Development:					
Administration	131,511	131,511	129,619	1,892	131,011
Fiscal agent fees	5,000	-	-	-	-
Treasurer's fees	214,217	214,217	210,918	3,299	216,072
Professional fees	10,000	10,000	-	10,000	270
Vail Square Metro District	548,050	548,050	533,246	14,804	545,890
Total - Economic Development	908,778	903,778	873,783	29,995	893,243
Debt Service:					
Principal	4,497,028	636,000	636,000	-	626,000
Interest	815,268	42,745	42,745	-	50,004
Total - Debt Service	5,312,296	678,745	678,745	-	676,004
Total Expenditures	6,221,074	1,582,523	1,552,528	29,995	1,569,247
Excess (Deficiency) of Revenues Over Expenditures	969,476	5,908,027	6,104,093	196,066	6,112,619
Other Financing Sources (Uses):					
Debt proceeds	24,730,000	-	-	-	-
Issuance costs	(75,000)	-	-	-	-
Transfers (out)	(29,091,633)	(15,484,572)	(15,484,572)	-	(2,425,271)
Total Other Financing Sources (Uses)	(4,436,633)	(15,484,572)	(15,484,572)	-	(2,425,271)
Net Change in Fund Balance	(3,467,157)	(9,576,545)	(9,380,479)	196,066	3,687,348
Fund Balance - January 1	8,426,246	10,571,534	10,571,534	-	6,884,186
Fund Balance - December 31	4,959,089	994,989	1,191,055	196,066	10,571,534

Town of Vail, Colorado
Housing Fund - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Sales tax	5,201,534	5,201,534	5,266,534	65,000	5,110,322
Total - Taxes	5,201,534	5,201,534	5,266,534	65,000	5,110,322
Intergovernmental:					
State grants	-	-	-	-	-
Total - Intergovernmental	-	-	-	-	-
Investment Income:					
Interest on investments	50,000	330,000	478,613	148,613	754,888
Miscellaneous:					
Project reimbursements/shared costs	-	865,400	865,400	-	675,000
EHU Credit Program	-	434,707	434,707	-	-
Employee Housing Fee-in-Lieu	-	10,783	10,750	(33)	46,199
Housing late fees	-	12,300	12,300	-	3,750
Total - Miscellaneous	-	1,323,190	1,323,157	(33)	724,949
Total Revenues	5,251,534	6,854,724	7,068,304	213,580	6,590,159
Expenditures:					
Public Works:					
Administrative fee to General Fund	-	260,077	263,327	(3,250)	-
Contributions to programs	2,000,000	2,000,000	-	2,000,000	-
Subsidy on deed-restricted unit sales	-	-	382,290	(382,290)	398,358
Capital projects and acquisition	13,775,000	12,525,428	4,050,583	8,474,845	5,852,686
Total - Public Works	15,775,000	14,785,505	4,696,200	10,089,305	6,251,044
Total Expenditures	15,775,000	14,785,505	4,696,200	10,089,305	6,251,044
Excess (Deficiency) of Revenues Over Expenditures	(10,523,466)	(7,930,781)	2,372,104	10,302,885	339,115
Other Financing Sources (Uses):					
Sale of assets	-	950,000	-	(950,000)	-
Transfers in	12,500,000	12,548,446	11,492,366	(1,056,080)	7,808,979
Transfers (out)	-	(20,541,295)	(10,000,000)	10,541,295	-
Total Other Financing Sources (Uses)	12,500,000	(7,042,849)	1,492,366	8,535,215	7,808,979
Net Change in Fund Balance	1,976,534	(14,973,630)	3,864,470	18,838,100	8,148,094
Fund Balance - January 1	7,323,817	16,420,513	28,019,076	11,598,563	19,870,982
Fund Balance - December 31	9,300,351	1,446,883	31,883,546	30,436,663	28,019,076

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

Town of Vail, Colorado
Internal Employee Housing Rental Fund - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025

	2025			
	Original Budget	**Final Budget**	**Actual**	**Final Budget Variance Positive (Negative)**
Revenues:				
Charges and Fees:				
Employee rents	1,191,354	1,255,770	1,238,284	(17,486)
Invesment Income:				
Interest on investments	-	-	8,992	8,992
Miscellaneous:				
Other	-	-	13,222	13,222
Total Revenues	1,191,354	1,255,770	1,260,498	4,728
Expenditures:				
Housing:				
Salaries and benefits	123,764	123,764	-	123,764
Operating, maintenance & contracts	670,758	707,593	625,546	82,047
Administrative fee to General Fund	238,271	251,154	374,305	(123,151)
Capital outlay	150,000	202,631	96,261	106,370
Total Expenditures	1,182,793	1,285,142	1,096,112	189,030
Excess (Deficiency) of Revenues Over Expenditures	8,561	(29,372)	164,386	193,758
Other Financing Sources (Uses):				
Transfers in	-	52,631	-	(52,631)
Total Other Financing Sources (Uses)	-	52,631	-	(52,631)
Net Change in Fund Balance	8,561	23,259	164,386	141,127
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	8,561	23,259	164,386	141,127

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Sales tax	15,984,000	15,984,000	17,564,165	1,580,165	17,588,236
Construction use tax	2,502,000	2,502,000	2,424,403	(77,597)	3,073,318
Franchise tax	-	1,123,392	-	(1,123,392)	-
Total - Taxes	18,486,000	19,609,392	19,988,568	379,176	20,661,554
Intergovernmental:					
County revenues	-	3,400,000	1,700,000	(1,700,000)	-
State grants	-	1,171,964	537,662	(634,302)	2,511,915
Federal grants	-	1,613,760	1,613,760	-	1,831,120
Total - Intergovernmental	-	6,185,724	3,851,422	(2,334,302)	4,343,035
Charges for Services:					
Leases - Vail Commons	172,270	172,270	168,826	(3,444)	168,826
Total - Charges for Services	172,270	172,270	168,826	(3,444)	168,826
Investment Income:					
Interest on investments	1,324,866	4,801,456	2,117,543	(2,683,913)	2,076,221
Miscellaneous:					
Project reimbursements/shared costs	-	774,437	32,498	(741,939)	39,182
Miscellaneous	-	-	11,542	11,542	-
Total - Miscellaneous	-	774,437	44,040	(730,397)	39,182
Total Revenues	19,983,136	31,543,279	26,170,399	(5,372,880)	27,288,818
Expenditures:					
Public Works:					
Capital projects and acquisition	60,504,697	89,595,577	35,165,876	54,429,701	25,247,645
Debt Service:					
Principal payments	955,000	955,000	1,176,745	(221,745)	940,000
Interest	202,048	2,023,728	2,023,727	1	218,592
Total - Debt Service	1,157,048	2,978,728	3,200,472	(221,744)	1,158,592
Total Expenditures	61,661,745	92,574,305	38,366,348	54,207,957	26,406,237
Excess (Deficiency) of Revenues Over Expenditures	(41,678,609)	(61,031,026)	(12,195,949)	48,835,077	882,581
Other Financing Sources (Uses):					
Subscriptions issued	-	-	955,360	955,360	-
Debt proceeds	-	65,308,920	65,308,920	-	-
Debt issuance costs	(1,250)	(480,391)	(464,062)	(16,329)	(1,250)
Sale of assets	-	-	79,950	79,950	54,500
Transfers in	29,854,179	29,231,721	21,231,721	(8,000,000)	2,548,224
Transfers (out)	(11,500,000)	(65,343,590)	(62,170,761)	3,172,829	(2,808,979)
Total Other Financing Sources (Uses)	18,352,929	28,716,660	24,941,128	(3,775,532)	(207,505)
Net Change in Fund Balance	(23,325,680)	(32,314,366)	12,745,179	45,059,545	675,076
Fund Balance - January 1	27,546,619	50,037,289	53,933,003	3,895,714	53,257,927
Fund Balance - December 31	4,220,939	17,722,923	66,678,182	48,955,259	53,933,003

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Real estate transfer tax	7,700,000	8,900,000	9,767,746	867,746	9,349,910
Intergovernmental Revenue:					
Lottery revenue	30,000	30,000	26,906	(3,094)	29,511
Other county revenue	-	5,260,309	5,055,000	(205,309)	342,584
Other state revenue	-	10,883	-	(10,883)	25,000
Other Federal grants	125,000	125,000	-	(125,000)	-
Total - Intergovernmental Revenue	155,000	5,426,192	5,081,906	(344,286)	397,095
Charges for Services:					
Recreation amenities fee	10,000	10,000	2,577	(7,423)	6,609
Land lease to Vail Recreation District	176,903	191,285	194,900	3,615	191,285
Total - Charges for Services	186,903	201,285	197,477	(3,808)	197,894
Investment Income:					
Interest on investments	213,405	633,405	855,963	222,558	721,472
Miscellaneous:					
Project reimbursements	-	93,325	62,879	(30,446)	26,581
Donations	-	102,500	71,635	(30,865)	146,890
Other	50,000	61,400	87,361	25,961	116,752
Total - Miscellaneous	50,000	257,225	221,875	(35,350)	290,223
Total Revenues	8,305,308	15,418,107	16,124,967	706,860	10,956,594
Expenditures:					
Public Safety:					
Fire suppression	1,179,450	1,308,834	673,956	634,878	639,579
Public Works:					
Capital projects	2,728,283	10,861,379	4,121,914	6,739,465	21,524,393
Culture and Recreation:					
Project management	385,000	445,000	488,387	(43,387)	467,495
Park maintenance	2,078,443	2,274,742	2,148,888	125,854	1,876,953
Environmental sustainability	1,752,664	2,505,672	1,830,202	675,470	1,892,343
Art in public places	267,099	340,099	205,139	134,960	177,625
Total - Culture and Recreation	4,483,206	5,565,513	4,672,616	892,897	4,414,416
Economic Development					
Contributions	145,279	145,279	141,279	4,000	138,695
Total Expenditures	8,536,218	17,881,005	9,609,765	8,271,240	26,717,083
Excess (Deficiency) of Revenues Over Expenditures	(230,910)	(2,462,898)	6,515,202	8,978,100	(15,760,489)
Other Financing Sources (Uses):					
Transfers in	-	70,010	70,010	-	2,976
Transfers (out)	(762,546)	(5,747,149)	(5,747,149)	-	(945,247)
Total Other Financing Sources (Uses)	(762,546)	(5,677,139)	(5,677,139)	-	(942,271)
Net Change in Fund Balance	(993,456)	(8,140,037)	838,063	8,978,100	(16,702,760)
Fund Balance - January 1	4,400,435	15,184,790	15,184,790	-	31,887,550
Fund Balance - December 31	3,406,979	7,044,753	16,022,853	8,978,100	15,184,790

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Rents	-	-	-	-	573,251
Ground lease	-	-	-	-	454,546
Total Operating Revenues	-	-	-	-	1,027,797
Operating Expenses:					
Operating expenses	-	-	-	-	358,673
Capital outlay	-	10,770,528	8,718,221	2,052,307	31,878,492
Total Operating Expenses	-	10,770,528	8,718,221	2,052,307	32,237,165
Operating Income (Loss)	-	(10,770,528)	(8,718,221)	2,052,307	(31,209,368)
Non-operating Revenues (Expenses):					
Interest on investments	-	-	9,873	9,873	69,478
Interest expense	(55,379)	(55,379)	(52,832)	2,547	(58,938)
Loan principal repayment - Capital Projects Fund	(407,530)	(407,530)	(407,530)	-	(401,508)
Lease receivable repayment	-	-	-	-	5,000,000
Total Non-operating Revenue (Expenses)	(462,909)	(462,909)	(450,489)	12,420	4,609,032
Income (Loss) Before Transfers - Budget Basis	(462,909)	(11,233,437)	(9,168,710)	2,064,727	(26,600,336)
Transfers in	-	10,770,528	8,641,322	(2,129,206)	30,928,351
Transfers (out)	-	-	-	-	(5,000,000)
Change in Net Position - Budget Basis	(462,909)	(462,909)	(527,388)	(64,479)	(671,985)
Reconciliation to GAAP Basis:					
Adjustments:					
Loan principal repayment - Capital Projects Fund			407,530		401,508
Lease receivable repayment			-		(5,000,000)
Interfund advances			(8,641,322)		(30,928,351)
Reimbursable capital outlays			8,641,322		31,691,980
Net book value of disposed assets			-		267,356
Depreciation			-		(181,161)
Total Adjustments			407,530		(3,748,668)
Change in Net Position - GAAP Basis			(119,858)		(4,420,653)

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Dispatch service fee	827,331	827,331	827,331	-	691,448
Dispatching contracts	1,982,148	1,982,148	1,982,148	-	1,598,162
Total Operating Revenues	2,809,479	2,809,479	2,809,479	-	2,289,610
Operating Expenses:					
Public Safety:					
Salaries and benefits	3,090,617	3,354,993	3,307,245	47,748	2,733,364
Operating expenses	647,869	722,869	663,503	59,366	591,686
Capital outlay	-	853,610	6,161	847,449	97,090
Total Operating Expenses	3,738,486	4,931,472	3,976,909	954,563	3,422,140
Operating (Loss) - Budget Basis	(929,007)	(2,121,993)	(1,167,430)	954,563	(1,132,530)
Non-operating Revenues:					
Operating grant - E-911 Board	1,246,961	1,246,961	1,246,961	-	1,167,993
Project reimbursements	-	-	170	170	-
Interest on investments	54,000	54,000	142,427	88,427	131,721
Total Non-operating Revenues	1,300,961	1,300,961	1,389,558	88,597	1,299,714
Income (Loss) before Transfes - Budget Basis	371,954	(821,032)	222,128	1,043,160	167,184
Transfers in	-	-	-	-	253,265
Change in Net Position - Budget Basis	371,954	(821,032)	222,128	1,043,160	420,449
Reconciliation to GAAP Basis:					
Adjustments:					
Change in accrued compensated absences			(44,135)		(21,499)
Depreciation			(113,891)		(114,221)
Total Adjustments			(158,026)		(135,720)
Change in Net Position - GAAP Basis			64,102		284,729

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Rents	1,780,694	1,780,694	1,807,398	26,704	1,827,762
Other	284,236	284,236	233,074	(51,162)	161,953
Total Operating Revenues	2,064,930	2,064,930	2,040,472	(24,458)	1,989,715
Operating Expenses:					
Operating expenses	776,383	804,301	712,622	91,679	668,599
Total Operating Expenses	776,383	804,301	712,622	91,679	668,599
Operating Income (Loss)	1,288,547	1,260,629	1,327,850	67,221	1,321,116
Non-operating Revenues (Expenses):					
Intergovernmental grants	500	500	-	(500)	-
Interest on investments	500	500	3,792	3,292	6,031
Interest expense	(828,753)	(828,753)	(664,213)	164,540	(681,663)
Bond principal payments	(450,000)	(450,000)	(450,000)	-	(450,000)
Financing fees	(3,000)	(3,000)	(1,750)	1,250	(3,500)
Total Non-operating Revenue (Expenses)	(1,280,753)	(1,280,753)	(1,112,171)	168,582	(1,129,132)
Income (Loss) before Transfes - Budget Basis	7,794	(20,124)	215,679	235,803	191,984
Change in Net Position - Budget Basis	7,794	(20,124)	215,679	235,803	191,984
Reconciliation to GAAP Basis:					
Adjustments:					
Bond principal payments			450,000		450,000
Depreciation			(852,003)		(852,003)
Total Adjustments			(402,003)		(402,003)
Change in Net Position - GAAP Basis			(186,324)		(210,019)

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

Town of Vail, Colorado
Vail Home Partners Corporation - 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, 2025

	2025			
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Operating Expenses:				
Operating expenses	-	-	318	(318)
Capital outlay	164,074,535	160,463,059	25,734,699	134,728,360
Total Operating Expenses	164,074,535	160,463,059	25,735,017	134,728,042
Operating Income (Loss)	(164,074,535)	(160,463,059)	(25,735,017)	134,728,042
Non-operating Revenues (Expenses):				
Intergovernmental grants	8,504,785	8,795,368	-	(8,795,368)
Interest on investments	8,504,785	8,795,368	4,282,624	(4,512,744)
Interest expense	(6,025,893)	(3,801,045)	(2,735,050)	1,065,995
Bond proceeds	192,852,581	126,035,000	126,035,000	-
Bond premium (discount)	-	-	(1,065,995)	(1,065,995)
Financing fees	(2,873,089)	(1,480,228)	(1,478,307)	1,921
Total Non-operating Revenue (Expenses)	200,963,169	138,344,463	125,038,272	(13,306,191)
Income (Loss) before Transfes - Budget Basis	36,888,634	(22,118,596)	99,303,255	121,421,851
Transfers in	-	-	65,145,241	65,145,241
Transfers out	-	(4,464,816)	(4,466,846)	(2,030)
Change in Net Position - Budget Basis	36,888,634	(26,583,412)	159,981,650	186,565,062
Reconciliation to GAAP Basis:				
Adjustments:				
Bond proceeds			(126,035,000)	
Bond discount			1,065,995	
Amortization of bond discount			(15,546)	
Accrued interest payable			(1,879,042)	
Interfund advances			(65,145,241)	
Capitalized assets			25,734,699	
Capital contributions			7,805,042	
Total Adjustments			(158,469,093)	
Change in Net Position - GAAP Basis			1,512,557	

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Operating charges	3,611,272	3,681,068	3,330,720	(350,348)	2,979,408
Replacement charges	1,389,207	1,389,207	1,513,356	124,149	1,377,065
Total - Charges and Fees	5,000,479	5,070,275	4,844,076	(226,199)	4,356,473
Insurance reimbursements	-	-	-	-	50,410
Other	-	-	-	-	3,941
Total Operating Revenues	5,000,479	5,070,275	4,844,076	(226,199)	4,410,824
Operating Expenses:					
Public Works:					
Vehicle maintenance and fuel	3,886,997	4,020,570	3,546,360	474,210	3,207,019
Capital outlay	1,603,200	2,961,415	2,050,846	910,569	1,508,804
Total Operating Expenses	5,490,197	6,981,985	5,597,206	1,384,779	4,715,823
Operating Income (Loss) - Budget Basis	(489,718)	(1,911,710)	(753,130)	1,158,580	(304,999)
Non-operating Revenues:					
Intergovernmental revenues	-	-	41,791	41,791	23,342
Interest on investments	7,000	7,000	91,708	84,708	84,353
Proceeds from sale of assets	317,070	317,070	164,670	(152,400)	358,971
Total Non-operating Revenues	324,070	324,070	298,169	(25,901)	466,666
Change in Net Position - Budget Basis	(165,648)	(1,587,640)	(454,961)	1,132,679	161,667
Reconciliation to GAAP Basis:					
Adjustments:					
Contribution from Capital Projects Fund			194,975		319,729
Change in accrued compensated absences			687		(81,522)
Capitalized assets			2,050,846		1,508,804
Net book value of disposed assets			(237,491)		(206,830)
Depreciation			(1,283,667)		(1,198,120)
Total Adjustments			725,350		342,061
Change in Net Position - GAAP Basis			270,389		503,728

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, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges and Fees:					
Insurance premiums - Employer contributions	4,471,094	4,471,094	4,410,507	(60,587)	3,999,998
Insurance premiums - Employee contributions	973,859	973,859	874,927	(98,932)	904,326
Insurer proceeds	400,000	2,619,626	2,522,732	(96,894)	685,571
Other	-	-	94	94	28,992
Total Operating Revenues	5,844,953	8,064,579	7,808,260	(256,319)	5,618,887
Operating Expenses:					
General Government:					
Operations:					
Administrative fees	42,000	42,000	127,110	(85,110)	96,198
Health claims and premiums:					
Health claims	5,631,900	7,851,526	7,346,804	504,722	4,438,346
Premiums	1,097,365	1,097,365	1,202,699	(105,334)	1,156,723
	6,729,265	8,948,891	8,549,503	399,388	5,595,069
Total Operating Expenses	6,771,265	8,990,891	8,676,613	314,278	5,691,267
Operating Income (Loss)	(926,312)	(926,312)	(868,353)	57,959	(72,380)
Non-operating Revenues:					
Interest on investments	109,130	109,130	232,804	123,674	254,922
Change in Net Position	(817,182)	(817,182)	(635,549)	181,633	182,542

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, 2025

	Heavy Equipment Fund	Health Insurance Fund	Total
Assets:			
Current Assets:			
Equity in pooled cash and investments	2,209,300	3,634,230	5,843,530
Accounts receivable, net of allowance for uncollectibles	43,610	1,962,113	2,005,723
Inventory	492,204	-	492,204
Prepaid expenses	-	60,100	60,100
Total - Current Assets	2,745,114	5,656,443	8,401,557
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	7,740,872	-	7,740,872
Total Assets	10,485,986	5,656,443	16,142,429
Liabilities:			
Current Liabilities:			
Accounts payable	385,234	1,034,921	1,420,155
Accrued salaries and wages	9,139	-	9,139
Current portion of compensated absences	41,233	-	41,233
Total - Current Liabilities	435,606	1,034,921	1,470,527
Non-current Liabilities:			
Compensated absences, net of current portion	96,210	-	96,210
Total Liabilities	531,816	1,034,921	1,566,737
Net Position:			
Net investment in capital assets	7,740,872	-	7,740,872
Unrestricted	2,213,298	4,621,522	6,834,820
Total Net Position	9,954,170	4,621,522	14,575,692

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, 2025

	Heavy Equipment Fund	Health Insurance Fund	Total
Operating Revenues:			
Charges for services - Internal	4,844,076	4,410,507	9,254,583
Charges for services - External	-	874,927	874,927
Insurance reimbursements	-	2,522,732	2,522,732
Other	-	94	94
Total Operating Revenues	4,844,076	7,808,260	12,652,336
Operating Expenses:			
Operations	3,545,673	127,110	3,672,783
Health claims and premiums	-	8,549,503	8,549,503
Depreciation	1,283,667	-	1,283,667
Total Operating Expenses	4,829,340	8,676,613	13,505,953
Operating Income (Loss)	14,736	(868,353)	(853,617)
Non-operating Revenues (Expenses):			
Intergovernmental revenues	41,791	-	41,791
Gain (loss) on disposal of assets	(72,821)	-	(72,821)
Investment income	91,708	232,804	324,512
Total Non-operating Revenues (Expenses)	60,678	232,804	293,482
Income (Loss) Before Transfers and Capital Contributions	75,414	(635,549)	(560,135)
Capital contributions, net	194,975	-	194,975
Change in Net Position	270,389	(635,549)	(365,160)
Net Position - January 1	9,683,781	5,257,071	14,940,852
Net Position - December 31	9,954,170	4,621,522	14,575,692

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, 2025

	Heavy Equipment Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:			
Cash received from other funds	4,844,076	4,410,508	9,254,584
Other cash receipts	17,808	1,533,719	1,551,527
Cash paid for goods and services	(1,733,357)	(8,045,594)	(9,778,951)
Cash paid to employees	(1,467,586)	-	(1,467,586)
Net Cash Provided (Used) by Operating Activities	1,660,941	(2,101,367)	(440,426)
Cash Flows From Non-Capital Financing Activities:			
Cash received from operating grants	41,791	-	41,791
Net Cash Provided (Used) by Non-Capital Financing Activities	41,791	-	41,791
Cash Flows From Capital and Related Financing Activities:			
Cash received from disposal of fixed assets	164,670	-	164,670
Acquisition and construction of capital assets	(2,050,846)	-	(2,050,846)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,886,176)	-	(1,886,176)
Cash Flows From Investing Activities:			
Interest on investments	91,707	232,803	324,510
Net Cash Provided (Used) by Investing Activities	91,707	232,803	324,510
Net Change in Cash and Cash Equivalents	(91,737)	(1,868,564)	(1,960,301)
Cash and Cash Equivalents - January 1	2,301,037	5,502,794	7,803,831
Cash and Cash Equivalents - December 31	2,209,300	3,634,230	5,843,530
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	14,736	(868,353)	(853,617)
Adjustments:			
Depreciation	1,283,667	-	1,283,667
(Increase) decrease in accounts receivable	17,808	(1,864,033)	(1,846,225)
(Increase) decrease in inventory	26,537	-	26,537
Increase (decrease) in accounts payable	315,557	631,019	946,576
Increase (decrease) in accrued wages and benefits	2,636	-	2,636
Total Adjustments	1,646,205	(1,233,014)	413,191
Net Cash Provided (Used) by Operating Activities	1,660,941	(2,101,367)	(440,426)
Non-cash Investing, Capital and Financing Activities:			
Assets contributed by Capital Projects Fund	194,975	-	194,975

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

Town of Vail, Colorado
Capital Projects Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

		2025			2024
Project Number	**Project Name**	**Final Budget**	**Actual**	**Variance Positive (Negative)**	**Actual**
CBI021	Donovan Park Pavilion	109,500	-	109,500	-
CBI026	Welcome Center Maintenance	25,000	-	25,000	-
CBI027	Public Works Remodel	18,058	-	18,058	96,485
CBI028	Building Energy Enhacements	75,000	-	75,000	-
CEP004	Replace Buses	2,139,050	2,097,656	41,394	5,710,950
CEP005	Computer Hardware	100,000	102,681	(2,681)	74,146
CEP006	Radio Replacement	1,020,000	24,698	995,302	-
CEP008	Parking Entry System	248,212	78,945	169,267	93,979
CEP010	Network Upgrades	140,000	112,578	27,422	81,424
CEP018	Web Page / E Commerce	75,000	48,373	26,627	67,955
CEP022	Audio Visual	100,000	69,966	30,034	156,391
CEP026	Fire Equipment	45,000	44,724	276	5,295
CEP030	Vehicle Expansion	110,974	95,279	15,695	340,127
CEP031	Software Licensing	995,135	940,732	54,403	816,031
CEP033	Data Centers	150,000	68,119	81,881	1,867,070
CEP036	Business Systems	1,705,671	1,896,847	(191,176)	89,034
CEP038	Police Equipment	302,594	296,902	5,692	228,604
CEP044	Bus Wash Equipment	-	-	-	588,270
CEP048	Electric Bus Station/Infrastructure	-	-	-	724,992
CEP050	Public Safety IT Equipment	75,000	31,251	43,749	31,179
CEP051	Loading and Delivery Equipment	-	-	-	124,885
CEP053	CyberSecurity	140,000	114,984	25,016	101,371
CEP054	Electric Vehicle Pilot Program	-	-	-	66,500
CEP056	Kringle Crossing Holiday Village	-	-	-	74,659
CEP057	Terradyne Public Safety Vehicle	-	-	-	145,000
CEP058	Ladder Truck Purchase	69,285	19,826	49,459	1,634,297
CEP059	Type 3 Truck Purchase	-	-	-	19,727
CEP060	Town-Wide Camera System Maintenance	80,000	39,637	40,363	-
CEP061	Parking Entry System Capital Maintenance	105,002	80,445	24,557	22,145
CEP063	Public Works Specialty Equipment	30,000	29,105	895	-
CHP002	TOV Employee Rental Units	2,046,641	2,042,204	4,437	3,389,931
CHP003	TOV Employee Rental Unit Maint	-	-	-	227,369
CMP007	Traffic Impact Fee and Transportation Master Updates	-	-	-	26,490
CMT003	Bus Shelter Replacement	50,000	1,377	48,623	226,218
CMT004	Capital Street Maintenance	1,660,000	1,367,220	292,780	1,552,187
CMT005	Facility Capital	430,000	278,517	151,483	1,960,095
CMT007	Parking Structure Maintenance	2,914,577	1,705,510	1,209,067	225,977
CMT009	Energy Enhancements	192,872	51,028	141,844	51,258
CMT010	Underground Utilities	4,181,558	-	4,181,558	6,280
CMT022	Seibert Fountain	27,082	-	27,082	-
CMT023	Snowmelt Boilers	2,085,594	20,320	2,065,274	66,040
CMT026	Bus Barn Sprinkler Upgrades	1,048,791	35,576	1,013,215	-
CMT027	Vail Mobility Hub Expansion	1,500,000	476,299	1,023,701	-
CMT028	Geothermal Energy System	1,843,096	394,896	1,448,200	5,104
CMT029	Municipal Complex Capital Maintenance	702,788	435,015	267,773	-
CMT030	Mountain Plaza Elevator Renovation	100,000	-	100,000	-
CMT031	Children's Garden of Learning Capital Maintenance	32,248	-	32,248	-
COT002	Street Light Improvement Pgm	515,000	-	515,000	-
COT004	Fiber Optic Connection	769,949	88,562	681,387	75,677
COT015	Red Sandstone Parking Garage	40,000	-	40,000	-
COT021	Broadband (THOR)	115,000	114,689	311	107,658
COT031	Civic Area Redevelopment (Dobson)	52,091,906	18,654,480	33,437,426	2,153,744
COT034	West Vail and Town Center Roundabout Lighting Upgrade	488,939	-	488,939	747,758
COT035	Vail, Lionshead Village, and Ford Park Bollards	389,747	281,523	108,224	93,789
COT036	Timber Ridge Transit Stop	1,908,277	-	1,908,277	-
COT037	Car Share Program Infrastructure	117,675	-	117,675	-
COT038	Rockfall Mitigation	2,040,000	1,116,149	923,851	-
CSC010	Way Finding / Variable Message Signs	21,956	-	21,956	1,215
CSC012	Village Streetscape	900,000	234,306	665,694	330,948
CSC016	Guest Service Enhancements	695,457	29,882	665,575	55,813
CSC017	Pedestrian Safety Enhancements	566,213	475,017	91,196	-
CSC025	South Frontage Road Pedestrian Improvements	250,000	47,934	202,066	-
CSR007	Neighborhood Road Reconstruction	1,553,694	759,537	794,157	35,115
CSR008	Neighborhood Bridges	408,036	363,088	44,948	677,562
VRA022	Lionshead Streetscape & Snowmelt Replace	50,000	-	50,000	70,901
	Total	89,595,577	35,165,877	54,429,700	25,247,645

Town of Vail, Colorado
Special Revenue Funds
Real Estate Transfer Tax Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

		2025			2024
Project Number	Project Name	Final Budget	Actual	Variance Positive (Negative)	Actual
RFP009	Ford Park Playground Improvements	125,000	71,636	53,364	70,277
RFP022	Ford Park Betty Ford Way Pavers	40,000	18,849	21,151	-
RFP024	Ford Park Synthetic Turf Replacement	472,000	-	472,000	-
RFP025	Ford Park Master Plan Capital Design	199,909	-	-	91
RFP026	Ford Park Lower Bench Turf Maintenance	142,000	58,046	-	-
RFP027	Ford Park Vehicle Entryway	118,000	55,300	-	-
RMG012	Gore Creek Signage	-	-	-	199,078
RMG013	Gore Creek Promenade Rehabilitation	2,118,460	1,076,000	1,042,460	40,437
RMT001	Recreation Path Maintenance	85,000	48,273	36,727	25,645
RMT002	Tree Maintenance	91,000	92,916	(1,916)	138,606
RMT005	Street Furniture	107,000	4,893	102,107	19,656
RMT009	Park Capital Maintenance	281,000	228,387	52,613	158,205
RMT016	Tennis Center Improvements	205,020	86,607	118,413	-
RMT018	Dobson Ice Arena	2,500	2,045	455	15,397
RMT019	Gymnastics Center	364,921	337,320	27,601	350,436
RMT021	Golf Clubhouse	123,287	23,626	99,661	23,393
RMT022	Golf Rec Enhancement Account	746,740	-	746,740	-
RMT024	Athletic Fields	173,809	5,819	167,990	42,057
RMT027	Golf Course - Other Improvements	433,523	13,491	420,032	-
RMT028	Dowd Junction Repairs (Flood Repairs)	453,794	49,640	404,154	363,869
RMT030	East Vail Interchange Improvements	190,543	174,701	15,842	-
RMT035	Nature Center Capital Maint	26,291	14,655	11,636	1,379
RMT036	Recreation Facility Maint	22,000	-	22,000	-
RMT039	Fire Free Five- TOV Buildings	25,000	-	25,000	49,644
RMT040	Recycling Center Capital Maintenance	-	-	-	16,406
RMT041	Slifer Fountain Feature Repair	75,000	-	-	-
RMT042	Middle Creek Restoration	75,000	82	-	-
RMT044	Sole Power App Development	35,000	35,000	-	42,000
RMT046	Water Bottle Refill Station Installation	60,000	-	-	-
RPA002	Booth Heights Open Space Acquisition	-	-	-	18,842,092
RPI011	Streambank Restoration	140,000	100,750	39,250	2,500
RPI013	Stephans Park Safety Improvements	-	-	-	13,250
RPI015	Turf Grass Reduction	100,836	55,880	44,956	64,164
RPI020	Donovan Park Improvements	20,000	5,375	14,625	-
RPI022	Athletic Field Restroom/Storage Building	1,000,000	210,528	789,472	-
RPI023	Trailhead Port-a-let Enclosures	40,500	-	40,500	12,630
RPI027	Pirateship Park Safety Improvements	43,862	10,053	-	221,138
RPI029	Bighorn Park Playground Maintenance	150,000	96,822	-	-
RPT029	Bike Safety	10,000	2,042	7,958	609
RPT031	Pedestrian Traffic Counters	50,000.00	-	50,000	-
RPT032	Library to Lionshead Nature Walk	100,000.00	-	100,000	-
RPT031	Pedestrian Bridge Projects	703,329	22,047	681,282	189,620
RPT032	Recreation Path Safety Improvements	31,662	-	-	43,338
RPT035	Gore Valley Trail Maintenance	226,224	40,955	-	-
RRT001	Public Art	170,567	80,000	90,567	62,600
RRT006	Public Art - Winterfest	83,967	33,523	50,444	35,416
RRT007	Public Art - Pete Seibert Memorial	11,192	-	11,192	500
RRT009	Public Art- Art Space	1,055,232	1,033,609	21,623	479,960
RRT012	Artist in Residency Capital Acquisitions	57,500	-	-	-
RRT013	Public Art Installation Costs	60,000	22,011	-	-
RSS008	E-Bike Share Infrastructure	14,711	11,033	3,678	-
	Total	10,861,379	4,121,914	5,783,577	21,524,393

Town of Vail, Colorado
Housing Fund
Schedule of Project Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts For the Year Ended December 31, 2024

		2025			2024
Project Number	**Project Name**	**Final Budget**	**Actual**	**Variance Positive (Negative)**	**Actual**
CHF001	Buy-Down Housing	3,386,287	-	3,386,287	-
CHF003	Vail InDEED	4,135,645	333,000	3,802,645	134,000
CHF009	Colorado Department of Transportation East Vail Parcel	2,416,502	2,416,145	357	3,644
CHF010	Residences at Main Vail Developer Opportunity Fee	50,000	-	50,000	-
CHF023	West Middle Creek Development	1,268,694	1,252,580	16,114	3,084,127
CHF027	Colorado Department of Transportation Eagle-Vail Parcel	50,000	-	50,000	-
CHF028	Pitkin Creek Unit #3B	500	494	6	-
CHF029	West Middle Creek CDOT Parcel Acquisition	-	-	-	2,630,735
CHF030	East Vail Parcel Development	650,000	30,512	619,488	180
CHF031	East Vail Carnie Parcel Acquisition	17,900	17,851	49	-
CHF032	Pitkin Creek #7N	549,900	-	549,900	-
	Total	12,525,428	4,050,582	7,305,409	5,852,686

TOWN OF VAIL

LOCAL HIGHWAY FINANCE REPORT

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Vail
		YEAR ENDING : December 2024
This Information From The Records Of Town of Vail:	Prepared By: Carlie Smith Phone: 970-479-2119	

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	6,859,387
3. Other local imposts (from page 2)	1,469,564
4. Miscellaneous local receipts (from page 2)	-
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	-
7. Total (1 through 6)	8,328,951
B. Private Contributions	87,500
C. Receipts from State government (from page 2)	320,195
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	8,736,647

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,381,055
2. Maintenance:	2,832,116
3. Road and street services:	
a. Traffic control operations	153,201
b. Snow and ice removal	1,723,847
c. Other	
d. Total (a. through c.)	1,877,047
4. General administration & miscellaneous	481,737
5. Highway law enforcement and safety	2,164,691
6. Total (1 through 5)	8,736,647
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)	8,736,647

(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
-	8,736,647	8,736,647	-	0.000

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2024

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,469,564	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,469,564	h. Other	
c. Total (a. + b.)	1,469,564	i. Total (a. through h.)	-
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	260,307	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	25,181	d. Federal Transit Admin	
d. Other (Specify) DUI Enforcement	34,707	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	59,888	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	320,195	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		43,175	43,175
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		1,337,880	1,337,880
(5). Total Construction (1) + (2) + (3) + (4)	-	1,337,880	1,337,880
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	1,381,055	1,381,055
			(Carry forward to page 1)

Notes and Comments:

TOWN OF VAIL

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Town of Vail, Colorado
Issuer's Annual Report
Tables I - III
December 31, 2025

TABLE I
Vail Reinvestment Authority History of Pledged Revenues

	2021	2022	2023	2024	2025
Pledged Revenues	6,055,710	5,613,818	4,820,528	7,135,976	7,123,376

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
2020	2021	231,261,240	-0.2%	134,124,120	97,137,120
2021	2022	226,791,680	-8.5%	122,738,940	176,066,950
2022	2023	298,805,890	31.8%	120,349,530	172,228,120
2023	2024	292,577,650	-2.1%	156,253,010	136,324,640
2024	2025	292,609,530	0.0%	156,130,120	136,479,410

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

Tax Areas	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
202	51.434	51.389	47.562	47.298	49.544
203	50.199	50.265	46.707	46.444	48.709
204	57.241	59.284	52.584	53.403	59.322
206	51.434	51.389	47.562	47.298	49.544
207	86.434	86.389	70.562	70.298	43.544
208	73.309	73.264	62.359	62.095	65.341
216	-	-	-	-	-
225	-	-	-	-	-

Town of Vail, Colorado
Issuer's Annual Report
Tables IV and V
December 31, 2025

TABLE IV
Largest Taxpayers in the Authority

Taxpayer Name	2025 Preliminary Assessed Valuation	Percentage of Total Assessed Valuation
Diamondrock LLC	27,864,000	9.5%
Arrrabelle at Vail Square LLC	18,900,000	6.5%
Ritz-Carlton Development Co. Inc.	12,450,820	4.2%
Lion Vail LLC	7,420,380	2.5%
Vail Corp	5,615,240	1.9%
A Belle Vail Co LLC	4,235,760	1.4%
Lazier Lionshead LLC	3,333,400	1.1%
Vail Landmark LLC	2,522,980	0.9%
Telemark Ventures LLC	2,447,880	0.8%
Blue Ice 21 LLC	2,389,260	0.8%
Vail Marriott Resort & Spa	2,335,930	0.8%
SOHO Development	2,177,290	0.7%
	2,054,480	0.7%
Total	292,989,110	

TABLE V
2025 Preliminary Assessed Valuation of Classes of Property in the Authority

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	209,979,020	72%
Commercial	79,688,300	27%
Vacant	1,665,870	1%
State assessed	997,480	0%
Multifamily	658,440	0%
Total	292,989,110	100%

Town of Vail, Colorado
Issuer's Annual Report
Table VI
December 31, 2025

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

	2021	2022	2023	2024	2025
Revenues:					
Other:					
Property tax	6,789,616	6,296,288	6,177,288	7,113,319	7,030,674
Interest on investments	31,824	11,585	434,719	612,766	625,947
Interest subsidy (Build America Bonds)	-	-	-	(44,219)	-
Abatement	-	-	(1,564,069)	-	-
Shared costs/project reimbursements	-	-	469,525	-	-
Total Revenues	6,821,440	6,307,873	5,517,464	7,681,866	7,656,621
Expenditures:					
Economic Development:					
Administration	120,007	111,613	108,976	131,011	129,619
Treasurer's fees	203,691	188,891	185,306	216,072	210,920
Professional fees	-	215	-	270	-
Vail Square Metro District	765,730	694,055	696,936	545,890	533,246
Total Economic Development:	1,089,428	994,774	991,217	893,244	873,785
Debt Service:					
Principal	618,000	612,000	620,000	626,000	636,000
Interest	72,316	64,168	58,307	50,004	42,745
Total Debt Service:	690,316	676,168	678,307	676,004	678,745
Total Expenditures	1,779,744	1,670,942	1,669,524	1,569,247	1,552,529
Excess (Deficiency) of Revenues Over Expenditures	5,041,696	4,636,931	3,847,939	6,112,619	6,104,092
Other Financing Sources (Uses):					
Transfers out	(7,410,723)	(2,291,996)	(1,856,724)	(2,425,271)	(15,484,572)
Total Other Financing Sources (Uses)	(7,410,723)	(2,291,996)	(1,856,724)	(2,425,271)	(15,484,572)
Net Change in Fund Balance	(2,369,027)	2,344,935	1,991,215	3,687,348	(9,380,480)
Fund Balance - January 1	4,917,063	2,548,036	4,892,971	6,884,186	10,571,535
Fund Balance - December 31	2,548,036	4,892,971	6,884,186	10,571,535	1,191,055

Town of Vail, Colorado
Issuer's Annual Report
Tables VII and VIII
December 31, 2025

TABLE VII
2025 Budget Summary and Actual Comparison / 2026 Budget
Vail Reinvestment Authority

	2025 Budget	2025 Actual	2026 Budget
Revenues:			
Other:			
Property tax	7,140,550	7,030,674	7,041,000
Interest on investments	350,000	625,947	23,000
Total Revenues	7,490,550	7,656,621	7,064,000
Expenditures:			
Economic Development:			
Administration	131,511	129,619	129,520
Treasurer's fees	214,217	210,920	211,230
Professional fees	10,000	-	10,000
Vail Square Metro District	548,050	533,246	548,050
Total Economic Development:	903,778	873,785	898,800
Debt Service:			
Principal	636,000	636,000	641,000
Interest	42,745	42,745	35,147
Total Debt Service:	678,745	678,745	676,147
Total Expenditures	1,582,523	1,552,529	1,574,947
Excess (Deficiency) of Revenues over Expenditures	5,908,027	6,104,092	5,489,053
Other Financing Sources (Uses):			
Transfers out	(15,484,572)	(15,484,572)	(6,242,691)
Total Other Financing Sources (Uses)	(15,484,572)	(15,484,572)	(6,242,691)
Net Change in Fund Balance	(9,576,545)	(9,380,480)	(753,638)
Fund Balance - January 1	10,571,535	10,571,535	1,191,055
Fund Balance - December 31	994,990	1,191,055	437,417

TABLE VIII
Outstanding Revenue Obligations

Issue	Outstanding Principal
Vail Reinvestment Authority Tax Increment Revenue Refunding Loan, Series 2020	3,274,000
Total	3,274,000

TOWN OF VAIL
EAGLE COUNTY, COLORADO
(Base CUSIP Number: 91878D)

CONTINUING DISCLOSURE REPORT
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2025

General

In connection with the issuance of the obligations described in "Outstanding Issues" below, the Town of Vail, Eagle County, Colorado (the "Town") has entered into a continuing disclosure undertaking for the purpose of allowing underwriters to comply with the provisions of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Outstanding Issues

The Town previously has issued its Certificates of Participation, Series 2021 (the "2021 Certificates").

1. History of Sales Tax Collections. The following table sets forth a history of the Town's general Sales Tax collections deposited into the General Fund and the Capital Projects Fund for the year ended December 31, 2025, inclusive. The General Sales Tax column includes sales tax revenues received from Eagle County. The table also includes a history of the Town's 0.5% Housing Tax Revenues since 2021, the year the tax was first imposed.

History of Sales Tax Collections

Year	General Sales Tax Revenues(1)	Percent Change	Housing Tax Revenues	Percent Change
2021	$34,862,406	--	--	--
2022	41,307,790	18.5%	$4,954,459	--
2023	42,494,761	2.9%	5,075,763	2.4%
2024	42,915,236	1.0%	5,110,322	0.7%
2025	43,854,165	2.2%	5,266,534	3.1%

(1) Collections at a rate of 4.0%. Includes only those sales tax revenues deposited to the General Fund and sales tax revenues received from Eagle County.

CONTINUING DISCLOSURE INFORMATION – FISCAL YEARS ENDED DECEMBER 31, 2025

2. Taxable Sales by Category. The identities of the individual vendors and the amount of sales tax revenues generated by each vendor cannot be divulged under penalty of law because of the confidential nature of the gross sales of sales tax generators. It is not possible to identify individual vendors in the Town generically without revealing the identities of the largest vendors because of the small size of the Town. Accordingly, the following tables provide information about the generators of sales tax revenues within the Town by categories for the year ended December 31, 2025.

Taxable Sales by Category- 2025

Sales Tax Sector	Taxable Sales	% of Total
Retail	388,575,046	35.80%
Grocer	57,891,750	5.30%
Apparel	81,722,943	7.50%
Liquor	13,456,693	1.20%
Gallery/Jewelry/Gift	24,775,758	2.30%
Retail Sport	68,359,258	6.30%
Retail Other	142,318,645	13.10%
Lodging	392,948,042	36.20%
Restaurants/Bars	238,399,228	21.90%
Utilities & Other	66,307,567	6.10%
Total	1,086,229,882	100%

3. History of Parking Revenues. The table below presents a history of parking revenues for the years ended December 31, 2021 through 2025, inclusive. Daily sales revenue fluctuates based on travel trends, seasonality, and snowfall in the Town.

History of Parking Revenues

Year	Daily Sales	Pass Sales	Total	Percent Change
2021	$6,026,544	$1,023,306	$7,049,850	--
2022	6,874,711	1,266,528	8,141,239	15.48%
2023	8,258,311	1,154,388	9,412,699	15.62%
2024	8,119,728	1,242,950	9,362,678	-0.53%
2025	8,736,532	1,238,301	9,974,833	6.54%

CONTINUING DISCLOSURE INFORMATION – FISCAL YEARS ENDED DECEMBER 31, 2025

4. History of Lift Tax Collections. The following table sets forth a history of lift tax collections the years ended December 31, 2021 through 2025, inclusive. Lift taxes fluctuate based on snowfall in the Town, but are also impacted by the daily lift ticket and season pass prices set by Vail Resorts, Inc.

History of Lift Tax Collections

Year	Lift Tax Collections	Percent Change
2021	$5,518,890	--
2022	6,473,618	17.3%
2023	6,536,433	1.0%
2024	6,745,551	3.2%
2025	6,702,598	-0.6%

5. History of Assessed Valuations and Mill Levies for the Town. A history of the Town's assessed valuation and mill levies for the levy years ended December 31, 2021 through 2025, inclusive, is set forth in the following table.

History of Assessed Valuations and Mill Levies for the Town

	Assessed Value		Mill Levies		
Levy/Collection Year	Assessed Value	Percent Change	General Fund	Special Assessment	Total
2021/2022	$1,206,181,100	--	4.69	0.046	4.736
2022/2023	1,188,240,870	-1.49%	4.798	0.01	4.808
2023/2024	1,608,211,620	35.34%	4.69	0.002	4.692
2024/2025	1,603,255,550	-0.31%	4.69	0.099	4.789
2025/2026	1,673,311,270	4.37%	4.69	0.032	4.722

CONTINUING DISCLOSURE INFORMATION – FISCAL YEARS ENDED DECEMBER 31, 2025

6. Property Tax Collections for the Town. The following table sets forth a history of the Town's ad valorem property tax collections the years ended December 31, 2021 through 2025, inclusive.

Property Tax Collections for the Town

Levy/ Collection Year	Taxes Levied[1]	Current Tax Collections[2]	Collection Rate
2021/2022	$1,206,181,100	--	4.69
2022/2023	1,188,240,870	-1.49%	4.798
2023/2024	1,608,211,620	35.34%	4.69
2024/2025	1,603,255,550	-0.31%	4.69
2025/2026	1,673,311,270	4.37%	4.69

7. Ten Largest Taxpayers in the Town. Based upon information available from Eagle County, the following tables present the ten largest taxpayers within the Town for the years ended December 31, 2025. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following charts. Furthermore, the taxpayers shown in the charts may own additional parcels within the Town not included herein.

Ten Largest Taxpayers in the Town for 2025

Taxpayer Name	2025 Assessed Valuation	Percentage of Total Assessed Valuation[1]
Vail	$36,280,960	2.17%
Diamondrock Vail Owner LLC	27,864,000	1.67%
Vail Hotel Partners LLC	26,729,590	1.60%
Sonnenalp Properties Inc.	22,545,940	1.35%
Vail Owner LLC	20,539,600	1.23%
Arrabelle at Vail Square LLC	18,900,000	1.13%
Ritz-Carlton Development Co. Inc.	12,450,820	0.74%
Ferruco	17,683,320	1.06%
Vail Hospitality Group LLC	10,575,380	0.63%
Chalets at the Lodge at Vail LLC	8,827,940	0.53%
TOTAL	$202,397,550	12.10%

CONTINUING DISCLOSURE INFORMATION – FISCAL YEARS ENDED DECEMBER 31, 2025

8. Assessed Valuation of Classes of Property in the Town. The following tables sets forth the assessed valuation of specific classes of property within the Town based upon the Town's 2025 assessed valuations.

2025 Assessed Valuation of Classes of Property in the Town

Class	Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	$1,369,464,500	75.66%
Commercial	395,575,480	22%
Multi Family	23,024,470	1%
Vacant	15,090,290	1%
State Assessed	6,867,630	0%
TOTAL	$1,810,022,370	100%

TOWN OF VAIL

SINGLE AUDIT REPORTS and SCHEDULES

M & A

McMahan and Associates, L.L.C.

Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

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, 2025, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated May 27, 2026.

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 were not identified.

Denver, Colorado Avon, Colorado Florence, Alabama

Compliance and Other Matters

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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2026

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, 2025. 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, 2025.

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.

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 were not 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.

The purpose of this report on 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
May 27, 2026

Town of Vail, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

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:	
Bus and Bus Facilities Grants Program	ALN 20.526
Dollar threshold used to identify Type A from Type B programs:	$1,000,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards*	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 appliable

Town of Vail, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Note: There were no findings for the fiscal year ended December 31, 2024.

Town of Vail, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
Department of Transportation:				
Passed through Colorado Department of Transportation:				
FTA Fast Act	20.509	25-HTR-ZL-00139	243,237	
Bus and Bus Facilities Grants Program	20.526	24-HTR-ZL-00250	1,613,760	***A***
Total - Department of Transportation			1,856,997	
TOTALS			$ 1,856,997	

Additional Information for Clusters:	Amount
A - Federal Transit Cluster	1,613,760

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2025

Note 1. Basis of Presentation:
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Vail, Colorado (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 2025.

Note 3. Indirect Facilities and Administration costs
The Town does not use the 15% 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.