FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
FRASER, COLORADO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Valley Metropolitan Recreation District
Fraser, Colorado

Opinion

We have audited the financial statements of the governmental activities, business-type activities and each major fund Fraser Valley Metropolitan Recreation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Fraser Valley Metropolitan Recreation District'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, and each major fund of Fraser Valley Metropolitan Recreation District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fraser Valley Metropolitan Recreation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fraser Valley Metropolitan Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Fraser Valley Metropolitan Recreation District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
JULY 21, 2026

Fraser Valley Metropolitan Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2025

The Fraser Valley Metropolitan Recreation District was founded in 1979 to provide recreational programs and facilities to residents and visitors. The District encompasses 218 square miles in the eastern portion of Grand County, Colorado. Included in the boundaries are the Towns of Winter Park and Fraser and surrounding rural areas, including Tabernash. The District owns and operates the Pole Creek Golf Course, the Grand Park Community Recreation Center, the Foundry Cinema & Bowl, and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink.

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

2025 Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $15,980,848 (total net position) as of December 31, 2025. Governmental activities accounted for $7,962,439 of total net position, while business-type activities accounted for $8,018,409. Overall, the District's net position increased by $1,161,955 compared to the prior year.

Total net position is comprised of the following:

1. **Net investment in capital assets** of $12,496,496 representing capital assets net of accumulated depreciation and related debt. Capital assets include but are not limited to: Grand Park Community Recreation Center, Pole Creek Golf Course, Foundry Cinema and Bowl, District vehicles, and major equipment.
2. **Restricted net position** of $388,037, which is subject to external restrictions, constitutional provisions or enabling legislation that limit its use to specific purposes.
3. **Unrestricted net position** of $3,096,315, which is available for general District operations and may be designated for specific purposes by the District or remain unassigned.

The District's deposit portfolio increased by $299,809 during 2025. Unrestricted cash increased by $408,214, while restricted cash decreased by $108,405. The decline in restricted cash was primarily due to final disbursements related to the Grand Park Community Recreation Center Expansion Project, which was completed at the end of 2024, as well as the expenditure of Conservation Trust Fund revenues transferred to the Town of Fraser for construction of the new Fraser Bike Park.

Overview of the Financial Statements

This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements and provide an overview of the District's financial condition and activities for the year ended December 31, 2025. The District's basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information, including comparisons of budget to actual comparisons prepared on a budgetary (non-GAAP) basis.

Government Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Changes in Net Position. These statements report on all activities of the District and are designed to provide readers with a broad overview of the District's finances using an accrual basis of accounting, similar to that used by private-sector businesses.

Statement of Net Position - Presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between these amounts is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's overall financial position is improving or deteriorating.

Statement of Changes in Net Position – Reports how the District's net position changed during the year. This statement compares program revenues, general revenues and expenses for governmental and business-type activities. Revenues and expenses are recognized when the underlying event occurs, regardless of when cash is received or paid. As a result, this statement includes transactions that may affect future fiscal periods.

Fund Financial Statements – Fund financial statements provide more detailed information about the District's individual funds and focus on specific fund activities rather than the District as a whole. The District maintains governmental funds, including the General Fund, Conservation Trust Fund and Debt Service Fund. The District's proprietary funds consist of Pole Creek Golf Course Fund and the Foundry Cinema & Bowl Fund.

Notes to the Financial Statements – The notes to the financial statements provide important information that is essential to a full understanding of the data presented in the government-wide financial and fund financial statements.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes required supplementary information. This section contains budget-to-actual comparisons for the General Fund and other schedules required by generally accepted accounting principles.

Government-wide Financial Analysis

As noted earlier, net position serves as a useful long-term indicator of a government's financial health. At December 31, 2025, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $15,980,848, reflecting a strong overall financial position.

Approximately 78% of the District's total net position is invested in capital assets, net of related debt. These assets, which include recreational facilities, golf course improvements, buildings, vehicles and equipment, are essential to District operations and service delivery, and therefore are not available to fund future spending.

Although the District's investment in capital assets is reported net of related debt, the resources needed to repay that debt must be provided from other sources because the capital assets themselves cannot be liquidated to satisfy these obligations.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2025	2024	2025	2024	2025	2024	Variance
Current assets	5,675,576	5,975,182	1,522,059	1,379,987	7,197,635	7,355,169	(157,534)
Restricted assets	78,883	187,295	228,531	228,524	307,414	415,819	(108,405)
Capital assets, net	17,566,464	17,771,804	11,527,313	10,815,028	29,093,777	28,586,832	506,945
Total assets	23,320,923	23,934,281	13,277,903	12,423,539	36,598,826	36,357,820	241,006
Deferred outflows of resources (Deferred charge on refunding)	868,736	955,951	-	-	868,736	955,951	(87,215)
Total liabilities	12,800,419	14,467,445	5,259,494	4,742,681	18,059,913	19,210,126	(1,150,213)
Deferred inflows of resources (Deferred property tax revenue)	3,426,801	3,284,752	-	-	3,426,801	3,284,752	142,049
Net Position:							
Net investment in capital assets	6,083,232	5,389,051	6,413,264	6,249,152	12,496,496	11,638,203	858,293
Restricted	388,037	362,031	-	-	388,037	362,031	26,006
Unrestricted	1,491,170	1,386,953	1,605,145	1,431,706	3,096,315	2,818,659	277,656
Total net position	7,962,439	7,138,035	8,018,409	7,680,858	15,980,848	14,818,893	1,161,955

The District's total net position increased by $1,161,955 or 7.8% during 2025. Governmental activities accounted for $824,404 of the increase while business-type activities contributed $337,551.

Total current assets decreased $157,534 compared to the prior year. Unrestricted cash and property tax receivables increased $620,443; however, this increase was more than offset by a reduction in accounts receivables of $728,444. This decrease was primarily due to the collection of final grant revenues related to the Grand Park Community Recreation Center Expansion Project that had been recorded as receivables at year-end 2024.

Restricted assets decreased by $108,405 during the year, primarily due to final expenditures associated with the Recreation Center Expansion Project and the use of Conservation Trust Fund resources for the construction of the Fraser Bike Park.

Capital assets, net of accumulated depreciation, increased by $506,945 to $29,093,777. This increase reflects the District's continued investment in maintaining and improving its facilities and infrastructure. Significant capital projects completed during 2025 included the final phase of cart path paving at Pole Creek Golf Course, the initial phase of parking area paving at the Fraser Valley Sports Complex, and various building maintenance system upgrades.

Total liabilities decreased by $1,150,213 during 2025. The decrease was primarily due to the payment of outstanding vendor obligations related to the Recreation Center Expansion Project, resulting in a $715,296 decrease in accounts payable. Other factors contributing to the decrease in liabilities included principal payments on outstanding debt which reduced long-term debt by $1,032,793. These decreases were partially offset by a $594,230 increase in lease liabilities associated with new capital equipment lease agreements entered into during the year including a new golf cart fleet at Pole Creek Golf Course.

Net investment in capital assets increased by $858,293, while unrestricted net position increased by $277,656. Restricted net position increased by $26,006, primarily due to changes in resources restricted for debt service, TABOR requirements or Conservation Trust Fund reserves. At year-end, the District maintained positive balances in all categories of net position, providing a solid foundation to support ongoing operations, capital improvements, and future service commitments.

Statement of Changes in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2025	2024	2025	2024	2025	2024	Variance
User Charges:							
Golf Course	-	-	3,312,545	3,025,405	3,312,545	3,025,405	287,140
Foundry Cinema & Bowl	-	-	1,518,504	1,387,049	1,518,504	1,387,049	131,455
Recreation Center	1,667,114	1,404,361	-	-	1,667,114	1,404,361	262,753
Program activities	518,850	504,001	-	-	518,850	504,001	14,849
Operating Grants, Fundraising & Other Contributions	58,147	1,646,454	5,830	12,700	63,977	1,659,154	(1,595,177)
Property & Specific Ownership Taxes	3,444,202	3,425,692	-	-	3,444,202	3,425,692	18,510
Other Non-operating	123,069	182,655	47,936	31,691	171,005	214,346	(43,341)
Total Revenues	5,811,382	7,163,163	4,884,815	4,456,845	10,696,197	11,620,008	(923,811)
Expenses:							
Golf Course	-	-	3,132,102	2,998,508	3,132,102	2,998,508	133,594
Foundry Cinema & Bowl	-	-	1,415,162	1,351,332	1,415,162	1,351,332	63,830
Recreation Center	2,270,683	2,229,424	-	-	2,270,683	2,229,424	41,259
Program activities	1,357,988	1,281,597	-	-	1,357,988	1,281,597	76,391
Administration	849,639	728,083			849,639	728,083	121,556
Non-operating	394,642	407,927	-	-	394,642	407,927	(13,285)
Total Expenses	4,872,952	4,647,031	4,547,264	4,349,840	9,420,216	8,996,871	423,345
Change in net position	938,430	2,516,132	337,551	107,005	1,275,981	2,623,137	(1,347,156)
Net position – beginning of year	7,138,035	4,621,903	7,680,858	7,573,853	14,818,893	12,195,756	2,623,137
Restatement	(114,026)				(114,026)	-	(114,026)
Net position – end of year	7,962,439	7,138,035	8,018,409	7,680,858	15,980,848	14,818,893	1,161,955

The District reported current-year operations that increased net position by $1,275,981. After recording a prior-period restatement of ($114,026), total net position increased $1,161,955. Governmental activities generated an increase of $824,404 after the effect of a $114,026 prior-period restatement, while business-type activities increased by $337,551.

The 2025 overall increase in net position was lower than the prior year, primarily due to the receipt of significant one-time grant funding in 2024 related to the Recreation Center Expansion Project.

Total revenues decreased by $923,811, or 7.9%, from the prior year. The decline was largely due to a $1,595,177 decrease in operating grants, fundraising, and other contributions following the completion of the Recreation Center Expansion Project. Excluding this one-time funding, operating revenues remained strong during 2025.

Charges for services increased across the District's major operations:

- Recreation Center revenues increased by $262,753 (18.7%), primarily due to strong growth in memberships, as well as daily admissions, and Rec Center programming, including gymnastics, aquatics, and fitness programs.
- Golf Course revenues increased by $287,140 (9.5%) mainly due to the continued increase in rounds played and greens fees.
- Foundry Cinema & Bowl revenues increased by $131,455 (9.5%), reflecting continued growth in patronage primarily related to bowling and food and beverage sales.
- Property and specific ownership tax revenues remained consistent with the prior year, increasing $18,510.

Total expenses increased by $423,345, or 4.7%, during 2025. The increase was primarily attributable to higher personnel, operating, and administrative costs associated with providing District services and recreational programming. Administration expenses increased by $121,556, while program activities increased by $76,391. Business-type activity expenses also increased as operating costs at the Golf Course and Foundry Cinema & Bowl rose in line with increased customer activity.

Despite the reduction in one-time grant revenues received during the prior year, the District continued to generate positive operating results. Growth in charges for services, stable property tax revenues, and prudent financial management enabled the District to increase its overall net position while continuing to invest in facilities, infrastructure, and recreational amenities for the community.

Government Fund Financial Statements

The District's governmental funds reported a combined ending fund balance of $1,897,403 at December 31, 2025, an increase of $256,120 from the restated beginning fund balance. Governmental Fund balances differ from the governmental activities reported in the Changes in Net Position because governmental funds focus on current financial resources and the modified accrual basis, while the government-wide statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The primary reconciling items between governmental fund balances and governmental activities include:

- Governmental funds report capital outlays as expenditures, while the government wide statements capitalize these costs and depreciate them over their estimated useful lives.
- Governmental funds report debt principal payments as expenditures, whereas these payments reduce long-term liabilities on the government-wide statements and do not affect expenses.

- Certain expenses reported in the government-wide statements, such as compensated absences and accrued interest, do not require current financial resources and therefore are not reported as expenditures in the governmental funds.

Statement of Revenues, Expenditures & Changes in Fund Balance – Governmental Funds

	General Fund	Debt Service	Conservation Trust	GPCRC Expansion	Total Government
Revenues:					
Property & Specific Ownership Taxes	2,190,297	1,253,905	-	-	3,444,202
Program activities	2,185,964	-	-	-	2,185,964
Operating Grants, Fundraising	21,065	-	-	-	21,065
Conservation Trust Funds	-	-	-	-	-
Interest	126,798	2,731	22	-	129,551
Miscellaneous	16,521	-	-	-	16,521
Conservation Trust Funds	-	-	37,082	-	37,082
Total Revenues	4,540,645	1,256,636	37,104	-	5,834,385
Expenditures:					
Recreation Center	1,763,346	-	-	-	1,763,346
Program activities	1,174,526	-	-	-	1,174,526
Administration	616,107	400	-	-	616,507
Grant Expenditures	13,035	-	50,000	-	63,035
Debt Service					
Interest	61,695	388,500	-	-	450,195
Principal	17,000	800,000	-	-	817,000
Treasurer Fees	101,508	62,834	-	-	164,342
Capital Outlay / Grant expenditures	529,314	-	-	-	529,314
Total Expenditures	4,276,531	1,251,734	50,000	-	5,578,265
Excess (deficiency) of revenues over expenditures	**264,114**	**4,902**	**(12,896)**	**-**	**256,120**
Other Financing Sources (Uses)					
Transfers between funds	55,260	-	-	(55,260)	-
Net Change in Fund Balances	319,374	4,902	(12,896)	(55,260)	256,120
Fund Balance - beginning of year	1,442,018	221,940	36,091	55,260	1,755,309
Restatement	(114,026)	-	-	-	(114,026)
Fund Balances - beginning of year - restated	1,327,992	221,940	36,091	55,260	1,641,283
Fund Balances - end of year	1,647,366	226,842	23,195	-	1,897,403

The General Fund reported an ending fund balance of $1,647,366, an increase of $319,374 from the re-stated beginning balance. The increase was primarily attributable to revenues exceeding expenditures during the year. In addition, the remaining balance of $55,260 in the Grand Park Community Recreation Center Expansion Project Fund was transferred to the General Fund following completion of the project and closure of the fund.

The Debt Service Fund reported an ending fund balance of $226,842, an increase of $4,902 from the prior year. This restricted fund is used exclusively for the payment of principal and interest on the District's General Obligation Bonds.

The Conservation Trust Fund reported an ending fund balance of $23,195, a decrease of $12,896 from the prior year. During 2025, the District awarded grant funding to the Town of Fraser to support construction of the Fraser Bike Park, resulting in expenditures exceeding Conservation Trust revenues received during the year.

Prior Period Restatement

Beginning fund balance of the General Fund was restated by ($114,026) to properly recognize Recreation Center membership revenues over the period in which services are provided rather than when payments were received. Membership fees relating to future service periods are now reported as deferred revenue until earned, bringing the District's accounting into conformity with the modified accrual basis of accounting. This adjustment reduced the beginning General Fund balance and the beginning governmental activities net position by $114,026 but had no effect on current-year operating results or cash flows.

District Capital Assets

	2025	2024	Variance
Land	4,488,787	4,488,787	-
Buildings and Improvements	36,134,161	35,475,582	658,579
Equipment and Vehicles	4,357,907	4,016,312	341,595
Right of Use Assets	1,309,597	661,501	648,096
Intangibles	30,099	30,099	-
Total Cost	46,320,551	44,672,281	1,648,270
Less: Accumulated Depreciation	(17,226,774)	(16,085,445)	(1,141,329)
Total	29,093,777	28,586,832	506,945

At December 31, 2025, the District's capital assets, net of accumulated depreciation, totaled $29,093,777, an increase of $506,945, or 1.8%, from the prior year. Capital assets include land, land improvements, buildings, equipment, right-of-use assets, leasehold improvements, and vehicles.

During 2025, the District invested approximately $1.65 million in capital assets. Major additions included the final phase of cart path paving at Pole Creek Golf Course, the initial phase of paving the parking area at the Fraser Valley Sports Complex, and various building maintenance system upgrades. Additional right-to-use leased assets including a new fleet of golf carts at Pole Creek Golf Course and turf maintenance equipment were entered into in 2025. These projects reflect the District’s ongoing commitment to maintaining high-quality facilities and advancing its strategic priorities through thoughtful capital investment.

Specifically, buildings and improvements increased by $658,579, equipment and vehicles increased by $341,595, and right-to-use assets increased by $648,096 as a result of the new lease agreements entered into during the year. These capital investments were partially offset by annual depreciation expense of $1,141,329, resulting in a net increase in capital assets of $506,945.

Governmental activities reported net capital assets of $17,566,464 at year-end, a decrease of $205,340 from the prior year, as depreciation expense exceeded capital additions. Business-type activities reported net capital assets of $11,527,313, an increase of $712,285, reflecting continued investment in capital improvements at Pole Creek Golf Course and The Foundry Cinema & Bowl.

Debt Administration

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2025, are as follows:

	Beginning Balance	Additions	Payments (Retirements)	Ending Balance
2020 GO Bonds	10,525,000		(800,000)	9,725,000
Premiums	1,610,674		(149,252)	1,461,422
2023 Certificate of Participation (COP)	5,540,000		(85,000)	5,455,000
Discount on COP	(42,316)		1,459	(40,857)
Total	17,633,358	-	(1,032,793)	16,600,565

At December 31, 2025, the District had total outstanding long-term debt of $16,600,565, consisting of the Series 2020 General Obligation Bonds and the Series 2023 Certificates of Participation (COPs), including the related bond premium and COP discount.

During 2025, the District made scheduled principal payments of $800,000 on the Series 2020 General Obligation Bonds and $85,000 on the Series 2023 Certificates of Participation. In addition, the related bond premium and COP discount were amortized in accordance with generally accepted accounting principles. As a result, total outstanding debt decreased by $1,032,793 during the year. The District paid $388,500 interest on GO Bonds and $271,864 on the COP debt.

Repayment of the COP debt is funded through revenue generated by operations at the Foundry Cinema & Bowl and the Grand Park Community Recreation Center, while repayment of the GO Bonds is supported through dedicated property tax revenues.

The District continues to meet all debt service obligations as scheduled while maintaining a strong financial position. Scheduled principal reductions and stable operating revenues continue to strengthen the District's long-term financial outlook.

2025 Budgetary Highlights

The Board of Directors adopted the original General Fund budget in accordance with Colorado State Statute and approved an amended budget to reflect updated revenue projections, capital expenditures, and operating requirements. The amended budget incorporated higher Recreation Center revenues, specific ownership tax collections and interest income based on year-to-date activity. In addition, Capital Expenditures were increased to fund additional repairs and building system upgrades at the Grand Park Community Recreation Center. Operating expenses were adjusted to reflect anticipated costs for the remainder of the year.

Actual General Fund revenues totaled $4,540,645, exceeding the amended budget by $135,973. The variance was primarily due to Recreation Center revenues, which exceeded the amended budget by $101,962 with continued growth in memberships, daily admissions and program revenue. Actual General Fund expenditures totaled $4,276,531, which was $54,170 below the amended budget. Recreation Center operations, Parks and Facilities, Administration and Capital Outlay expenditures all finished the year under budget.

As a result, the General Fund generated an operating surplus of $264,114, exceeding the amended budgeted surplus by $190,143. This favorable variance strengthened the District's financial position and increased available fund balance for future operations and capital investment.

The District's business-type activities, consisting of Pole Creek Golf Course and The Foundry Cinema & Bowl, continued to perform well during 2025. Combined business-type activities increased net position by $337,551, reflecting strong operating performance and continued demand for the District's enterprise services.

The Pole Creek Golf Course budget was amended to recognize increased revenues generated from strong green fees, season pass sales and food & beverage operations. Actual revenues were $3,318,375 which were consistent to the amended budget. Operating expenses were significantly below the budget, resulting in net income of $313,000. After depreciation and other GAAP adjustments, the Golf Course reported an increase in net position of $205,211.

The Foundry Cinema & Bowl also exceeded budget expectations during 2025. Operating revenues totaled $1,518,507, exceeding the amended budget by $16,509. Strong bowling revenues, food and beverage sales, and facility rentals, all outperformed the budget. Operating expenses remained generally in line with the amended budget despite higher payroll costs and additional capital investments. The Foundry generated net income of $122,086 and reported a GAAP increase in net position of $132,340 after depreciation and debt service adjustments.

Overall, the District's enterprise operations continued to generate positive operating results while maintaining investments in facilities and equipment.

Board of Directors Emphasis for the 2026 Budget

In developing the budget for 2026, the District considered the overall state of the economy including anticipated inflationary impacts. Historical revenue trends were analyzed, and targeted fee increases were incorporated to support projected revenues.

To meet the general operating expenses of the District during the 2026 budget year, the District levied a property tax of 2.777 mills on the total 2025 net assessed valuation of taxable property of $780,592,234 within the District.

The District used a departmental line-item budgeting approach, allocating resources to specific cost centers aligned with individual programs and services. Project accounting was utilized for capital improvements and other specific projects to allow for accurate tracking and management. Budgeted payroll expenses were developed using the approved 2025 Compensation Plan as a guide.

Capital expenditure needs were thoroughly reviewed as part of the budget development process to ensure that planned investments aligned with the District’s strategic priorities, operational requirements and available financial resources.

The final adopted budget for 2026 reflects reserve balances as follows:

RESERVES	2025 Original Budget	2025 Amended Budget	2025 Forecast	2026 Budget
CONSERVATION TRUST - Capital Reserve (Restricted)	26,116	20,928	20,928	55,953
TABOR RESERVES - State Mandate (Restricted)	75,000	95,000	95,000	95,000
DEBT SERVICE RESERVE FUND (Restricted)	297,568	298,232	298,282	298,722
COMMUNITY GARDEN RESERVE FUND (Restricted)	9,000	9,000	9,000	9,000
GENERAL RESERVE FUND - GPCRC EXPANSION PROJECT	0	0	0	0
GENERAL RESERVE FUND (UNASSIGNED)	461,166	461,935	461,871	490,008
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL (UNASSIGNED)	362,913	401,477	406,115	397,317
GENERAL RESERVE FUND - POLE CREEK CAPITAL (ASSIGNED)	946,620	1,090,413	1,088,595	1,224,578
GENERAL RESERVE FUND - PARKS & REC CAPITAL (ASSIGNED)	958,995	957,847	978,462	1,064,712
TOTAL RESERVES	**3,137,378**	**3,334,832**	**3,358,253**	**3,635,290**

The District's reserve policy is designed to balance financial stability with long-term capital planning. Rather than maintaining one large unrestricted operating reserve, the District has specifically designated a significant portion of its available fund balance for future capital replacement and facility improvements. As reflected in the 2026 budget, approximately two-thirds of total reserves are assigned to capital reserves supporting the Pole Creek Golf Course, Foundry Cinema and Bowl, and Parks and Recreation facilities.

This reserve strategy allows the District to proactively fund the replacement of aging infrastructure, equipment, and recreational amenities while reducing the need for future borrowing or significant fluctuations in tax revenues or user fees. In doing so, the District is better positioned to address planned capital needs, respond to unexpected facility repairs, and continue providing high-quality recreational services to the community.

The District maintains reserves in both the Assigned and Unassigned fund balances. The Assigned Fund reflects amounts designated for future capital asset maintenance, improvements and replacement, while the Unassigned Fund includes reserves available for any purpose, providing flexibility in responding to unforeseen needs or opportunities.

The District also maintains restricted reserves as required by statutory laws and contractual requirements, including TABOR emergency reserves, debt service reserves, Conservation Trust Fund reserves, and the Community Garden Reserve Fund. In addition, the District maintains an unassigned General Fund reserve to provide working capital for day-to-day operations and to protect against unforeseen revenue shortfalls or unanticipated expenditures.

The 2026 budget continues this financial strategy of increasing total reserves while preserving adequate operating liquidity and maintaining resources dedicated to future capital investment.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fraser Valley Metropolitan Recreation District
Attn: Meaghan Brugge, Director of Finance & Administration
P.O. Box 3348
Winter Park, CO 80482

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets:			
Cash, cash equivalents and investments	$ 2,019,730	$ 1,268,976	$ 3,288,706
Accounts receivable:			
Property taxes receivable	3,426,878	--	3,426,878
Other taxes	10,456	--	10,456
Trade receivable	--	10,458	10,458
Other receivable	21,614	--	21,614
Inventory	6,728	149,673	156,401
Prepaid expenses	117,511	92,952	210,463
Prepaid debt insurance, net of accumulated amortization	72,659	--	72,659
Restricted cash	78,883	228,531	307,414
Capital assets, net of accumulated depreciation	17,566,464	11,527,313	29,093,777
Total assets	23,320,923	13,277,903	36,598,826
Deferred outflows of resources:			
Deferred charge on refunding	868,736	--	868,736
Total deferred outflows of resources	868,736	--	868,736
Liabilities:			
Accounts payable	109,760	41,664	151,424
Deferred revenue	57,268	23,599	80,867
Accrued expenses	21,987	12,285	34,272
Accrued interest payable	36,135	20,372	56,507
Accrued compensated absence	54,720	22,943	77,663
Gift cards	4,526	24,582	29,108
Prepaid membership fees	164,055	--	164,055
Right of use leases payable:			
Due within one year	36,257	204,872	241,129
Due in more than one year	46,460	577,863	624,323
Bonds payable:			
Due within one year	844,000	76,000	920,000
Due in more than one year	11,425,251	4,255,314	15,680,565
Total liabilities	12,800,419	5,259,494	18,059,913
Deferred inflows of resources:			
Unavailable property tax revenue	3,426,801	--	3,426,801
Total deferred inflows of resources	3,426,801	--	3,426,801
Net position:			
Net investment in capital assets	6,083,232	6,413,264	12,496,496
Restricted for:			
TABOR	129,000	--	129,000
Debt Service Fund	226,842	--	226,842
Conservation Trust Fund	23,195	--	23,195
Community Garden	9,000	--	9,000
Unrestricted	1,491,170	1,605,145	3,096,315
Total net position	$ 7,962,439	$ 8,018,409	$ 15,980,848

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
For the year ended December 31, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
	Expenses	Charges for Services	Fund raising, Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
General recreation	$ 506,226	$ 245,317	$ --	$ (260,909)		$ (260,909)
Parks and facilities	851,762	273,533	--	(578,229)		(578,229)
Recreation center	2,270,683	1,667,114	--	(603,569)		(603,569)
Administration	849,639	--	58,147	(791,492)		(791,492)
Debt Service	394,642	--	--	(394,642)		(394,642)
Total governmental activities	4,872,952	2,185,964	58,147	(2,628,841)		(2,628,841)
Business activities:						
Foundry	1,415,162	1,518,504	--		103,342	103,342
Golf course	3,132,102	3,312,545	5,830		186,273	186,273
Total business activities	4,547,264	4,831,049	5,830		289,615	289,615
Total Primary Government	$ 9,420,216	$ 7,017,013	$ 63,977	(2,628,841)	289,615	(2,339,226)
	General revenues:					
	Taxes			3,444,202	--	3,444,202
	Interest			129,548	--	129,548
	Gain(loss) on disposal of assets			--	--	--
	Transfers between funds			(23,000)	23,000	--
	Miscellaneous			16,521	24,936	41,457
	Total general revenues			3,567,271	47,936	3,615,207
	Change in net position			938,430	337,551	1,275,981
	Net position - beginning of year, as originally stated			7,138,035	7,680,858	14,818,893
	Restatement			(114,026)	--	(114,026)
	Net position - beginning of year, as restated			7,024,009	7,680,858	14,704,867
	Net position - end of year			$ 7,962,439	$ 8,018,409	$ 15,980,848

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Debt Service	GPRC Expansion Fund	Conservation Trust Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 1,792,917	$ 226,813	$ -	$ -	$ 2,019,730
Accounts receivable:					
Property taxes receivable	2,167,753	1,259,125	--	--	3,426,878
Other taxes	10,456	--	--	--	10,456
Other receivable	21,614	--	--	--	21,614
Inventory	6,728	--	--	--	6,728
Prepaid expenses and deposits	117,511	--	--	--	117,511
Restricted cash	55,688	--	--	23,195	78,883
Total assets	$ 4,172,667	$ 1,485,938	$ --	$ 23,195	$ 5,681,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 109,760	$ --	$ --	$ --	$ 109,760
Accrued liabilities	21,987	--	--	--	21,987
Gift cards payable	4,526	--	--	--	4,526
Prepaid membership fees	164,055	--	--	--	164,055
Deferred revenue	57,268	--	--	--	57,268
Total liabilities	357,596	--	--	--	357,596
Deferred inflows of resources:					
Unavailable property tax revenue	2,167,705	1,259,096	--	--	3,426,801
Total deferred inflows of resources	2,167,705	1,259,096	--	--	3,426,801
Fund balances					
Nonspendable for:					
Prepaid expenses and inventory	$ 124,239	$ --	$ --	$ --	$ 124,239
Restricted for:					
TABOR	129,000	--	--	--	129,000
Debt Service Fund	--	226,842	--	--	226,842
Conservation Trust Fund	--	--	--	23,195	23,195
Community Garden	9,000	--	--	--	9,000
Assigned for:					
Capital asset management	1,296,538	--	--	--	1,296,538
Unassigned	88,589	--	--	--	88,589
Total fund balances	1,647,366	226,842	--	23,195	1,897,403
Total liabilities, deferred inflows of resources and fund balances	$ 4,172,667	$ 1,485,938	$ --	$ 23,195	$ 5,681,800

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.	17,566,464
Long-term liabilities, including earned benefits payable, accrued interest, leases and bonds payable are not due and payable in the current period and therefore, are not reported in the funds.	(11,501,428)
Net Position of Governmental Activities	$ 7,962,439

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2025

	General	Debt Service	GPRC Expansion Fund	Conservation Trust	Totals
Revenues:					
Property taxes	$ 2,025,706	$ 1,253,905	$ --	$ --	$ 3,279,611
Specific ownership taxes	164,591	--	--	--	164,591
General recreation	245,317	--	--	--	245,317
Parks & facilities	273,533	--	--	--	273,533
Recreation center	1,667,114	--	--	--	1,667,114
Fund raising	16,310	--	--	--	16,310
Grants	4,755	--	--	--	4,755
Interest	126,798	2,731	--	22	129,551
Miscellaneous	16,521	--	--	--	16,521
Conservation trust income	-	--	--	37,082	37,082
Total revenues	4,540,645	1,256,636	--	37,104	5,834,385
Expenditures:					
General recreation	499,948	--	--	--	499,948
Parks & facilities	674,578	--	--	--	674,578
Recreation center	1,763,346	--	--	--	1,763,346
Administration	616,107	400	--	--	616,507
Debt Service:					
Bond principal	17,000	800,000	--	--	817,000
Bond interest	61,695	388,500	--	--	450,195
Grant expenditures	13,035	--	--	50,000	63,035
Treasurer's fees	101,508	62,834	--	--	164,342
Capital outlay	529,314	--	--	--	529,314
Total expenditures	4,276,531	1,251,734	--	50,000	5,578,265
Excess (deficiency) of revenues over expenditures	264,114	4,902	--	(12,896)	256,120
Other Financing Sources (Uses):					
Transfers between funds	55,260	--	(55,260)	--	--
Total other financing sources (uses)	55,260	--	(55,260)	--	--
Net change in fund balances	319,374	4,902	(55,260)	(12,896)	256,120
Fund balances - beginning of the year	1,442,018	221,940	55,260	36,091	1,755,309
Restatement	(114,026)	--	--	--	(114,026)
Fund balances - beginning of the year, as restated	1,327,992	221,940	55,260	36,091	1,641,283
Fund balances - end of the year	$ 1,647,366	$ 226,842	$ --	$ 23,195	$ 1,897,403

Net Changes in Fund Balance of the Governmental Fund	256,120
Amounts reported for governmental activities in the Statement of Changes in Net Position are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions and contributed capital assets during the year.	(106,568)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of the amortization of debt refund costs, premiums and discounts.	794,000
Some expenses reported in the Statement of Changes in Net Position do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.	(5,122)
Change in Net Position of Governmental Activities	$ 938,430

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 2,028,323	$ 2,028,529	$ 2,025,706	$ (2,823)
Specific ownership taxes	156,000	166,248	164,591	(1,657)
General recreation	256,000	239,435	245,317	5,882
Parks and facilities	273,100	255,378	273,533	18,155
Recreation center	1,506,200	1,565,152	1,667,114	101,962
Fundraising	15,750	15,710	16,310	600
Grants	1,000	700	4,755	4,055
Interest	102,000	122,702	126,798	4,096
Miscellaneous	--	10,818	16,521	5,703
Total revenues	4,338,373	4,404,672	4,540,645	135,973
Expenditures:				
General recreation	499,498	497,720	499,948	(2,228)
Parks and facilities	661,807	691,033	674,578	16,455
Recreation center	1,798,804	1,788,554	1,763,346	25,208
Fundraising	750	710	-	710
Administration	634,194	623,711	616,107	7,604
Grant expenditures	9,500	8,500	13,035	(4,535)
Interest expense	55,020	54,731	61,695	(6,964)
Principal payments	17,250	16,312	17,000	(688)
Treasurer's fees	101,416	101,416	101,508	(92)
Capital outlay	485,416	548,014	529,314	18,700
Total expenditures	4,263,655	4,330,701	4,276,531	54,170
Excess of revenues over (under) expenditures	$ 74,718	$ 73,971	264,114	$ 190,143
Other Financing Sources (Uses):				
Transfers between funds			55,260	
Fund balance - beginning of year			1,442,018	
Restatement			(114,026)	
Fund balance - beginning of year, as restated			1,327,992	
Fund balance - end of year			$ 1,647,366	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2025

	The Foundry Fund	Golf Course Fund	Total
ASSETS			
Cash and cash equivalents	$ 280,113	$ 988,863	$ 1,268,976
Accounts receivable:			
Trade receivable	10,458	-	10,458
Inventory	35,285	114,388	149,673
Prepaid expenses	19,748	73,204	92,952
Restricted cash	228,531	-	228,531
Capital assets, net of accumulated depreciation of $7,851,971	4,051,099	7,476,214	11,527,313
Total assets	4,625,234	8,652,669	13,277,903
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	39,693	1,971	41,664
Deferred revenue	18,691	4,908	23,599
Accrued salaries and wages	5,627	6,658	12,285
Accrued interest	20,372	-	20,372
Compensated absence	4,800	18,143	22,943
Gift cards	4,073	20,509	24,582
Bonds payable, net of bond discount	4,331,314	-	4,331,314
Right of use lease liability	-	782,735	782,735
Total liabilities	4,424,570	834,924	5,259,494
Net Position			
Net investment in capital assets	(280,215)	6,693,479	6,413,264
Unrestricted	480,879	1,124,266	1,605,145
Total net position	200,664	7,817,745	8,018,409
Total liabilities and net position	$ 4,625,234	$ 8,652,669	$ 13,277,903

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2025

	The Foundry Fund	Golf Course Fund	Total
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	$ -	$ 286,797	$ 286,797
Movie Tickets	269,531	-	269,531
Bowling Fees	437,001	-	437,001
Food and beverage sales	648,763	769,842	1,418,605
Vending and arcade income	40,354	-	40,354
Club rental	-	29,676	29,676
Golf cart rentals	-	474,924	474,924
Driving range	-	126,614	126,614
Green fees	-	1,193,158	1,193,158
Season Pass	-	219,412	219,412
Resident ID cards	-	117,486	117,486
Tournament premiums	33,295	79,210	112,505
Events	-	132	132
Sponsorships	41,880	-	41,880
Facility rental	47,680	-	47,680
Tee sign revenue	-	6,250	6,250
Grounds maintenance income	-	7,175	7,175
Lesson revenue	-	1,869	1,869
Fundraising	-	5,830	5,830
Total operating revenues	1,518,504	3,318,375	4,836,879
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	--	183,523	183,523
Food and beverage	191,348	234,211	425,559
Movies	115,161	--	115,161
Payroll and related taxes	527,812	1,275,085	1,802,897
Advertising and marketing	8,304	23,320	31,624
Contracted services	3,000	10,399	13,399
Equipment	18,551	95,904	114,455
Repairs and maintenance	25,983	122,609	148,592
Turf maintenance and landscaping	--	25,830	25,830
Supplies and parts	44,455	248,872	293,327
Interest	217,483	--	217,483
Utilities	49,982	100,015	149,997
Other operating - general	90,279	212,648	302,927
Depreciation and amortization	122,804	599,686	722,490
Total operating expenses	1,415,162	3,132,102	4,547,264
Operating Income	103,342	186,273	289,615
Nonoperating revenues:			
Miscellaneous income	5,998	18,938	24,936
Total nonoperating revenues	5,998	18,938	24,936
Other financing sources (uses)			
Transfers between funds	23,000	--	23,000
Total other financing sources (uses)	23,000	--	23,000
Change in Net Position	132,340	205,211	337,551
Net position - beginning of year	68,324	7,612,534	7,680,858
Net position - end of year	$ 200,664	$ 7,817,745	$ 8,018,409

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
For the year ended December 31, 2025

Cash flows from operating activities:		
Cash received from customers and others	$	3,317,987
Cash paid to employees		(1,296,171)
Cash paid for goods and services		(1,277,892)
Net cash provided by operating activities		743,924
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(491,897)
Payment on leases		(238,646)
Miscellaneous income		18,938
Net cash (used) by capital and related financing activities		(711,605)
Decrease in cash and cash equivalents		32,319
Cash and cash equivalents - beginning		956,544
Cash and cash equivalents - ending	$	988,863
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	186,273
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:		
Depreciation and amortization		599,686
Increase in prepaid expenses		(5,061)
Increase in inventory		(8,401)
Decrease in accounts payable		(6,220)
Decrease in deferred revenue		(388)
Decrease in accrued salaries and wages		(20,408)
Decrease in other liabilities		(879)
Decrease in compensated absences		(678)
Total Adjustments		557,651
Net cash provided by operating activities	$	743,924
Noncash capital financing activities:		
Right of use assets purchased with financing	$	876,730
Right of use assets transferred to the general fund	$	63,795

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Foundry Fund
For the year ended December 31, 2025

Cash flows from operating activities:		
Cash received from customers and others	$	1,525,974
Cash paid to employees		(542,074)
Cash paid for goods and services		(772,913)
Net cash provided by operating activities		210,987
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(65,058)
Miscellaneous income		5,998
Net cash (used) by capital and related financing activities		(59,060)
Cash flows from non- capital financing activities:		
Bond payments		(68,000)
Net cash (used) by capital and related financing activities		(68,000)
Decrease in cash and cash equivalents		83,927
Cash, cash equivalents and restricted cash - beginning		424,717
Cash, cash equivalents and restricted cash - ending	$	508,644
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	103,342
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:		
Depreciation and amortization		121,344
Amortization of bond discount		1,459
Increase in accounts receivable		(2,917)
Increase in prepaid expenses		(865)
Increase in inventory		(8,589)
Decrease in accounts payable		1,047
Increase in deferred revenue		10,387
Increase in other liabilities		40
Decrease in compensated absences		(14,261)
Total Adjustments		107,645
Net cash provided by operating activities	$	210,987

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations -The Fraser Valley Metropolitan Recreation District (the "District") was formed under Colorado statutes as a special district in 1979 to provide recreational programs and facilities to residents and visitors of eastern Grand County, Colorado. The District owns and operates the Pole Creek Golf Club, the Grand Park Community Recreation Center and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink. Additionally, the District owns and operates the Foundry Cinema & Bowl. The District is governed by a five person elected Board of Directors.

Reporting entity -The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments ("US GAAP"). As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB) Pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Basis of presentation

Government-wide Statements: The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed by fees charged to external parties.

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund – accounts for financial resources that are to be used by property taxes levied for debt payment on general obligation bonds.

GPRC Expansion Fund – accounts for financial resources that are to be used for the expansion of the Grand Park Community Recreation Center. This fund transferred remaining fund balance to the general fund and closed during the year ended December 31, 2025.

Conservation Trust Fund –accounts for financial resources that are to be used for the acquisition, operation, or maintenance of capital assets for recreational use approved by the State of Colorado.

The District reports the following proprietary funds:

Golf Course Fund – accounts for revenues and expenses associated with the District's golf course and clubhouse. This fund includes golf fees, pro shop, turf maintenance and food and beverage services.

Foundry Fund – accounts for revenues and expenses associated with the operations of the Foundry Cinema & Bowl complex. This fund includes bowling fees, movie tickets, facility rentals and food and beverage services.

Measurement focus, basis of accounting -The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and investments -The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2025.

Receivables - The District considered all receivables collectible as of December 31, 2025.

Property taxes - Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July and generally sales of the tax liens on delinquent properties are held in November. The County Treasurers remit the taxes collected monthly to the District. Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflow is then recorded as revenue in the year they are available or collected.

Inventory - Inventories consist principally of materials and supplies held for consumption and are recorded at cost using the first in-first out method for governmental funds and at the lower of average cost or net realizable value for proprietary funds. In the governmental funds, the cost of inventories is recorded as expenditures at the time of consumption, while in the proprietary funds, the cost of inventories is recorded as an expense when consumed. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed, rather than when purchased in both the governmental and proprietary funds. In the governmental funds, reported inventories and prepaid items are classified as nonspendable fund balances.

Capital assets - The District's policy is to capitalize all capital purchases that are individually greater than $5,000. Capital purchases with a cost less than $5,000 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

Buildings	10- 40 years
Equipment	5-10 years
Land improvements	40 years
Leasehold improvements	10 years
Vehicles	5-10 years

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds Balance Sheet and Statement of Net Position. The governmental funds report unavailable revenue only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences - Compensated absences consist of vacation and paid sick and safe leave (PSSL), including public health emergency leave (PHEL), as provided under District policy and Colorado's Healthy Families and Workplaces Act. Full-time year-round employees accrue vacation based on years of service, from 80 hours annually in the first three years to a maximum of 200 hours annually for those with fifteen or more years. Vacation accrues each pay period and unused hours may be carried over year to year, subject to the maximum for each service tier. Employees are paid for accrued but unused vacation upon termination at their current pay rate. PSSL is accrued by nonexempt employees at one hour for every 30 hours worked, up to 48 hours per year, with a 48-hour carryover limit; exempt employees may accrue up to 96 hours per year, with a total maximum of 320 hours. PSSL and PHEL are available for qualifying medical and safety-related absences as defined by law and policy, but unused balances are not paid out at termination. The District records a liability for compensated absences in the government-wide and proprietary fund financial statements, calculated using the vesting method at current pay rates. The liability at year-end was $77,663 which is expected to be paid out within one year, any amounts projected to be paid beyond one year are considered immaterial.

Long-term obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds.

Leases -GASB Statement No. 87 defines a lease as a contract that transfers the right to use another entity's asset for a specific period of time in an exchange or exchange-like transaction. The District has entered in to various lease agreements, primarily for equipment. Under these contracts, the District recognizes a lease liability and a lease asset (intangible right-to-use asset) and the commencement of the lease term in the government-wide financial statements. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

An amendment to a lease contract is considered a lease modification, unless the lessee's right-to-use the underlying asset decreases, in which case it is considered a partial or full lease termination. A lease termination is accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any differences being recognizes as a gain or loss.

The future lease payments are discounted using the interest rate implicit in the lease. If the interest rate is not available, the District uses its incremental borrowing rate determined by the District. The lease term is determined by the sum of the non-cancellable periods, plus renewal options when they are reasonably certain of being exercised or early termination options when they are reasonably certain of not being exercised. The District did not have any variable lease payments, residual value guarantees or penalties recognized during the period that were not previously included in the lease liability.

Fund equity - The District follows GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the District considered all restricted and unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. The District considers all committed, assigned, or unassigned amounts to have been spent when expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used. It is the District's policy to use restricted resources first when expenditure is incurred for purposes for which more than one classification is available.

Nonspendable Fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to maintain intact.

Restricted fund balance – the portion of the fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the assigned fund balance may be a negative amount, except for in the general fund, which reports only a positive unassigned fund balance amount. A negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes.

The non-spendable fund balance in the General Fund represents prepaid expenditures and inventory.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $129,000 of the General Fund balance has been restricted in compliance with this requirement. Additionally, $9,000 has been restricted for use in the community garden.

The restricted fund balance in the Debt Service Fund is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund is restricted for the payment of capital assets or improvements in accordance with State requirements.

The assigned fund balance was authorized by the Board of Directors of the District to reserve funds for future capital asset maintenance and replacement.

Net position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position **–** consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restricted net position first.

Fair value of financial instruments - The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments. Investments held in the Colorado Surplus Asset Fund (CSAFE) are valued at amortized cost.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information -Budgets are adopted on a US GAAP basis for the governmental funds. The budget for the proprietary fund is adopted on a non-GAAP basis where depreciation and gain on disposal of assets are not budgeted and capital outlay is budgeted. State law requires the District to adopt annual appropriated budgets for all funds**.**

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements: On or before October 15, of each year the District's accountant submits to the Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes that allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

During the year ended December 31, 2025, the District overexpended the Foundry Fund.

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2025.

The District’s management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

Transfers – During the year ended December 31, 2025, the GPRC expansion fund transferred $55,260 to the general fund. This transfer was made to close out the GPRC expansion fund upon completion of the related capital project. $23,000 was transferred from the general fund to the Foundry fund to properly allocate the bond between funds.

2. DETAILED NOTES

The District money markets accounts are with Citywide Banks, and are unrated.

At December 31, 2025 the District's deposit portfolio consisted of the following:

Cash and cash equivalents		
Checking	$	275,103
Money market		557,280
CSAFE		2,756,724
Cash on hand		7,013
Total Cash and Restricted Cash	$	3,596,120

Restricted Cash- The District was required under its Certificate of Participation indenture agreement to deposit money into a debt reserve fund account held by UMB bank, that will be used to partially offset annual debt service cost on the Certificate of Participation. Additionally, cash held in the Conservation Trust Fund, General Fund and Foundry Fund are considered restricted for a specific purpose.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is $250,000 per official custodian.

As of December 31, 2025, the District's deposits were not exposed to custodial credit risk, as all deposits were insured by FDIC or collateralized in accordance with PDPA. Colorado Revised Statutes and the Authority's investment policy specify investment instruments meeting defined rating and risk criteria in which local government entities may invest.

- Authorized investments include the following types of obligations:
- Bankers' acceptance of certain banks
- Obligations of the United States and certain U.S. government agency securities Certain international agency securities
- General obligation and revenue bonds of U.S. local government agencies
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk The District's investment policy states that the District will appropriately diversify the investment portfolio among investment types and maturities as a means of limiting its exposure to fair value losses arising from prevailing market interest rates.

Concentration Of Credit Risk. The District has limits to the percentage of its portfolio that can be invested in certain types of investments. The District had invested $2,756,724 as of December 31, 2025, in CSAFE.

CSAFE is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE operates similarly to a money market fund, and each share is equal in value to $1.00. The designated custodial bank provides safekeeping and depository services to CSAFE in connection with the direct investment and withdrawal functions of CSAFE. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by CSAFE. CSAFE maintains a Standard & Poor's principal stability fund rating of AAAm. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE financial statements may be obtained at www.csafe.org. CSAFE is an external investment pool valued at amortized cost, in accordance with the Governmental Accounting Standards Board's Statement No. 79, Certain External Investment Pools and Pool Participants.

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2025:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 3,553,505	$ -	$ -	$ -	$ 3,553,505
Total assets not being depreciated:	3,553,505	-	-	-	3,553,505
Capital assets being depreciated:					
Right of use asset	230,470	-	-	-	230,470
Buildings and improvements	20,581,128	320,229	-	-	20,901,357
Vehicles and equipment	2,133,943	165,233	(121,036)	63,795	2,241,935
Intangible	14,000				14,000
Total assets being depreciated:	22,959,541	485,462	(121,036)	63,795	23,387,762
Less accumulated depreciation and amortization	(8,741,242)	(690,802)	121,036	(63,795)	(9,374,803)
Net capital assets – Governmental Activities	$ 17,771,804	$ (205,340)	$ -	$ -	$ 17,566,464
Business-type Activities:					
Capital assets not being depreciated:					
Land	$ 935,282	$ -	$ -	$ -	$ 935,282
Total assets not being depreciated:	935,282	-	-	-	935,282
Capital assets being depreciated:					
Right of use asset	431,031	876,730	-	(228,634)	1,079,127
Intangible	16,099	-	-	-	16,099
Buildings and improvements	14,894,454	338,350	-	-	15,232,804
Vehicles and equipment	1,882,369	218,605	(149,841)	164,839	2,115,972
Total assets being depreciated:	17,223,953	1,433,685	(149,841)	(63,795)	18,444,002
Less accumulated depreciation and amortization	(7,344,207)	(721,400)	149,841	63,795	(7,851,971)
Net capital assets – Business-type Activities	$ 10,815,028	$ 712,285	$ -	$ -	$ 11,527,313
NET CAPITAL ASSETS	$ 28,586,832	$ 506,945	$ -	$ -	$ 29,093,777

Depreciation and amortization expense related to capital assets was charged to functions/programs of the primary government as follows:

Governmental activities:	
General recreation	$ 6,281
Parks and facilities	177,184
Recreation center	507,337
Total depreciation and amortization expense – Governmental activities	$ 690,802
Business-type activities:	
Golf Course	$ 599,686
Foundry	121,714
Total depreciation and amortization expense – Business-type activities	$ 721,400

Lease Liabilities

The following represents the changes in lease liabilities for the year ended December 31, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Recreational Van	$ 31,563	$ -	$ (8,546)	$ 23,017
Toro Equipment	62,042	-	(14,166)	47,876
Mini Bus	17,550	-	(11,506)	6,044
Bobcat Lease	15,416	-	(9,636)	5,780
Total lease payable- Governmental activities	$ 126,571	$ -	$ (43,854)	$ 82,717
Business-type activities:				
Toro Equipment #12319	$ 25,563	$ -	$ (25,563)	$ -
Toro Equipment #12391	45,734	-	(22,464)	23,270
Toro Equipment #12559	73,354	-	(16,630)	56,724
Toro Equipment #12576	-	260,772	(50,481)	210,291
Golf Car Lease #12606	-	615,958	(123,508)	492,450
Total lease payable - Business-type activities	$ 144,651	$ 876,730	(238,646)	$ 782,735

Governmental Activity Leases:

In June 2020, the District entered into a lease agreement for a 2019 Ford Turtle Top Van for the Park system. The lease term is for 72 months with payments of $1,027 and interest accruing at 6.61%. The lease will expire in July 2026.

In March 2021, the District entered into a lease agreement for a 2021 Bobcat R Series. The lease term is 60 months with payments of $835 and interest accruing at 3.52%. The lease will expire August 2026.

In May 2023, the District entered into a lease agreement for a 2023 Chrysler Pacifica. The lease term is 60 months with payments of $926 per year and interest accruing at 8.4%. The lease will expire in May of 2028.

In September 2024, the District entered into a lease agreement for various Toro equipment, to be shared with the golf course fund. The lease term is 60 months with payments of $5,885 per year and interest accruing at 6.1%. The lease will expire in August of 2028.

Business-Type Activity Leases:

In February 2021 the District entered into a lease for additional Toro equipment. The lease commencement date was February 11, 2021 with three payments of $8,770 per year. Interest accrues at 11.3%. The lease expired in August 2025.

In February 2022 the District entered into a lease for Toro equipment. The lease commencement date was February 23, 2022 with three payments of $7,919 per year. Interest accrues at 3.54%. The lease will expire August 1, 2026.

In September 2024, the District entered into a lease agreement for various Toro equipment, to be shared with the general fund. The lease term is 60 months with payments of $6,908 per year and interest accruing at 6.1%. The lease will expire in August of 2028.

In April 2025 the District entered into a lease for Toro equipment. The lease commencement date was April 21, 2025 with three payments of $19,598 per year. Interest accrues at 11.3%. The lease will expire in August 2029.

In May 2025 the District entered into a lease for 100 Club Car Electric Golf Cars and Two Club Car Café Express Beverage Carts. The lease commencement date was May 28, 2025 with three payments of $44,689 per year. Interest accrues at 8.1%. The lease will expire August 1, 2029.

Future minimum lease payments

Governmental activities:

	Principal	Interest	Total
2026	$ 36,257	$ 4,513	$ 40,770
2027	26,292	2,470	28,762
2028	20,168	1,188	21,356
Total	$ 82,717	$ 8,171	$ 90,888

Business-type activities:

	Principal	Interest	Total
2026	$ 204,872	$ 32,474	$ 237,346
2027	190,324	23,266	213,590
2028	199,718	13,873	213,591
2029	187,821	5,044	192,865
Total	$ 782,735	$ 74,657	$ 857,392

Long-term debt

During 2020, the District issued General Obligation Refunding Bonds in the amount of $13,595,000 at an interest rate ranging from 2.0% to 4% payable semiannually on each June 1 and December 1. Payments of principal and interest on the bonds are insured in accordance with the terms of a financial guaranty insurance policy. The Series 2020 Bonds maturing on and before December 1, 2030 are not subject to redemption prior to their maturity dates. The Series 2020 Bonds maturing on and after December 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiplies of $5,000, and if in parts in such order of maturity as the District determines and by lot within maturity on December 1, 2030 and on any date thereafter, at a redemption price equal to the principal amount, plus accrued interest to the redemption date.

The bonds were issued at a premium of $2,238,776. The reacquisition price exceeded the net carrying amount of the old debt by $1,326,391. This amount is netted against the bond and is amortized over the remaining life of the refunding debt.

Certificate of Participation (COP)

During 2023, the District closed the lease certificates of participation financing transaction bearing interest at 5%, for a thirty year term. The amount of proceeds was $5,615,000. These lease certificates of participation were used to fund the purchase of the Foundry Cinema and Bowl Facility and the construction of capital improvements to the Grant Park Community Recreation Center.

The debt is secured by the facilities and improvements, under the lease agreement. Debt service payments are made from the rents collected by UMB Bank, based upon lease agreements between the District and UMB Bank.

Future payments for long-term debt are as follows:

	GO Bond		COP Debt		Total Debt	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2026	825,000	372,500	95,000	279,850	920,000	652,350
2027	835,000	356,000	100,000	275,100	935,000	631,100
2028	870,000	322,600	105,000	270,100	975,000	592,700
2029	905,000	287,800	105,000	264,850	1,010,000	552,650
2030	935,000	251,600	110,000	259,600	1,045,000	511,200
2031-2035	5,355,000	663,200	655,000	1,208,000	6,010,000	1,871,200
2036-2040			835,000	1,027,750	835,000	1,027,750
2041-2045	-	-	1,070,000	795,438	1,070,000	795,438
2046-2050	-	-	1,375,000	487,463	1,375,000	487,463
2051-2053	-	-	1,005,000	107,625	1,005,000	107,625
Total	$ 9,725,000	$2,253,700	$5,455,000	$4,975,775	$15,180,000	$7,229,475

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

	Beginning Balance	Additions	Payments (Amortization)	Ending Balance
2020 GO Bonds	$ 10,525,000	$ -	$ (800,000)	$ 9,725,000
Premiums on Bond	1,610,675	-	(149,252)	1,461,423
2023 Certificate of Participation (COP)	5,540,000	-	(85,000)	5,455,000
Discount on COP	(42,316)	-	1,459	(40,857)
Total	$ 17,633,359	$ -	$ (1,032,793)	$ 16,600,566

During 2025, the District paid $388,500 interest on the bonds and $271,864 on the COP debt.

Debt Authorization - In 2007, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of $19,500,000 for capital projects.

3. OTHER INFORMATION

Risk management -The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles. Settled claims have not exceeded the District's coverage limits in any of the past three years.

4. Post-Retirement Benefits

Defined contribution plan –The District provides retirement benefits for all of its employees through two defined contribution plans: a 401(a) plan and a 457(b) plan, both administered by the Colorado Retirement Association. Under defined contribution plans, benefits depend solely on the amounts contributed to each plan, plus investment earnings.

All employees are required to participate in the 401(a) plan. Under this plan, the District contributes 3.75% of each covered employee's compensation. Employee contributions to the 401(a) plan, if any, are determined in accordance with plan provisions. The 401(a) plan is immediately and fully vested.

In addition to the 401(a) plan, the District offers a 457(b) deferred compensation plan, which allows employees to make voluntary salary deferral contributions, subject to annual Internal Revenue Service limits. The District does not make contributions directly to the 457(b) plan, however, it does match up to 5.45% of a qualified employee's contribution to a 457(b) plan by depositing the matching funds into the employees 401(a) plan. During 2025, the District contributed $190,948 to the plan.

5. Restatement

During the year ended December 31, 2025, the District identified that recreation center membership revenues had previously been recognized when received, rather than deferred and recognized over the periods in which the related services were provided. Under the modified accrual basis of accounting, these revenues should be recognized as they become measurable and available, typically as services are rendered, with amounts for future periods recorded as deferred revenue. To correct this, the General Fund balance as of December 31, 2024, was decreased by $114,026. This restatement had no effect on revenues or expenditures reported for the current year.

6. Subsequent Events

On February 24, 2026, the Winter Park Urban Renewal Authority (the "Authority") and The District entered into a Tax Increment Financing Agreement related to the Urban Renewal Project. Under the agreement, property tax increment financing is effective for a 25-year duration, using 2025 as the base year for determining property tax increment revenues. The final year in which the Authority is eligible to receive property tax increment revenues under the agreement is 2050.

During the applicable period, 100% of the District General Fund property tax increment is retained by the Authority and 0% is remitted to the District. District increment received by the Authority is required to be deposited into a Special Fund and is restricted for purposes specified in the agreement.

7. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets of $26,941,267 less accumulated depreciation and amortization of $9,374,803 or a net book value of $17,566,464 are not financial resources and therefore are not reported in the governmental funds.

Prepaid bond insurance costs are recognized as expenditures in the funds when incurred, but are amortized over the life of the related bond in the statement of net position. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities included in the reconciliation include:

Deferred charge on refunding	$	(868,736)
Prepaid bond insurance		(72,659)
Accrued compensated absences		54,720
Accrued interest payable		36,135
Leases payable: Due within one year		36,257
Leases payable: Due in more than one year		46,460
Bond Premium, net of amortization		1,461,422
COP and Bonds payable: Due within one year		844,000
COP and Bonds payable: Due in more than one year		9,963,829
Net adjustment	$	11,501,428

Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Changes in Net Position

Governmental funds report capital outlay as expenditures. However, in the Statement of changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation and amortization expense	$	(635,882)
Capital outlay		536,567
Net adjustment	$	(99,315)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, and proceeds from issuance of bonds:

Bond principal payments, net of transfer	$	794,000
Net adjustment	$	794,000

Some expenses reported in the Statement of Changes in Net Position do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Change in accrued vacation	$	(6,155)
Change in accrued Bond interest		1,033
Net adjustment	$	(5,122)

OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 1,256,428	$ 1,256,629	$ 1,253,905	$ (2,724)
Interest	2,200	2,664	2,731	67
Total revenues	1,258,628	1,259,293	1,256,636	(2,657)
Expenditures/expenses:				
Administration	400	400	400	--
Bond principal	800,000	800,000	800,000	--
Bond interest	388,500	388,500	388,500	--
Treasurer's fees	62,821	62,822	62,834	(12)
Total expenditures/expenses	1,251,721	1,251,722	1,251,734	(12)
Excess (deficiency) of revenues over expenditures	6,907	7,571	4,902	(2,669)
Net change in fund balances	$ 6,907	$ 7,571	4,902	$ (2,669)
Fund balance - beginning of year			221,940	
Fund balance - end of year			$ 226,842	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Conservation trust income	$ 40,000	$ 34,815	$ 37,082	$ 2,267
Interest income	25	22	22	-
Total revenues	40,025	34,837	37,104	2,267
Expenditures/expenses:				
Grant expenditures	50,000	50,000	50,000	--
Total expenditures/expenses	50,000	50,000	50,000	--
Other Financing Sources (Uses):				
Transfers from other funds	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Excess of revenues over expenditures	$ (9,975)	$ (15,163)	(12,896)	$ 2,267
Fund balance - beginning of year			36,091	
Fund balance - end of year			$ 23,195	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
GPRC Expansion Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):				
Transfers from other funds	$ -	$ -	$ (55,260)	$ (55,260)
Total other financing sources (uses)	--	--	(55,260)	(55,260)
Net change in fund balance	$ -	$ -	$ (55,260)	$ (55,260)

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Merchandise sales	277,000	293,778	$ 286,797	$ (6,981)
Food and beverage sales	770,850	773,629	769,842	(3,787)
Club rental	35,500	29,676	29,676	-
Golf cart rentals	485,000	474,924	474,924	-
Driving range	120,000	126,590	126,614	24
Green fees	1,161,000	1,193,157	1,193,158	1
Season Pass	205,000	219,412	219,412	-
Resident ID cards	108,000	117,486	117,486	-
Tournament premiums	70,725	79,210	79,210	-
Events	1,000	132	132	-
Tee sign revenue	6,000	6,250	6,250	-
Grounds maintenance income	7,100	7,175	7,175	-
Lesson revenue	-	1,869	1,869	-
Fundraising	7,500	5,830	5,830	-
Total operating revenues	3,254,675	3,329,118	3,318,375	(10,743)
Operating expenses:				
Cost of goods sold:				
Pro shop merchandise and rentals	177,100	216,277	183,523	32,754
Food and beverage	259,400	232,490	234,211	(1,721)
Payroll and related taxes	1,358,899	1,274,632	1,275,085	(453)
Advertising and marketing	16,000	23,172	23,320	(148)
Contracted services	11,500	11,486	10,399	1,087
Equipment	232,307	220,051	95,904	124,147
Repairs and maintenance	85,500	127,279	122,609	4,670
Turf maintenance and landscaping	22,000	25,830	25,830	-
Supplies and parts	238,000	223,734	248,872	(25,138)
Utilities	97,400	101,752	100,015	1,737
Other operating - general	200,902	199,295	212,648	(13,353)
Capital outlay	639,395	621,488	491,897	129,591
Total operating expenses	3,338,403	3,277,486	3,024,313	253,173
Operating income	(83,728)	51,632	294,062	242,430
Nonoperating revenues (expenses):				
Miscellaneous income	8,500	16,980	18,938	(1,958)
Total nonoperating revenues	8,500	16,980	18,938	(1,958)
Net income/(loss)	$ (75,228)	$ 68,612	$ 313,000	$ 240,472
Reconciliation to GAAP Basis				
Capital outlay			(491,897)	
Depreciation			599,686	
Total reconciliation to GAAP Basis			107,789	
Net income/(loss) on GAAP Basis			205,211	
Net position - beginning of year			7,612,534	
Net position - end of year			$ 7,817,745	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Foundry Fund
For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Movie Tickets	$ 305,000	$ 278,869	$ 269,532	$ (9,337)
Bowling Fees	355,000	426,082	437,003	10,921
Food and beverage sales	556,500	639,237	648,763	9,526
Vending and arcade income	35,000	39,596	40,354	758
Tournament premiums	32,000	32,800	33,295	495
Sponsorships	42,000	42,640	41,880	(760)
Facility rental	40,000	42,774	47,680	4,906
Total operating revenues	1,365,500	1,501,998	1,518,507	16,509
Operating expenses:				
Cost of goods sold:				
Food and beverage	$ 168,074	$ 192,434	$ 191,348	$ 1,086
Movies	152,500	123,338	115,161	8,177
Payroll and related taxes	488,320	506,848	527,815	(20,967)
Advertising and marketing	9,000	8,632	8,304	328
Contracted services	3,000	3,000	3,000	-
Equipment	21,500	27,163	18,551	8,612
Repairs and maintenance	20,000	26,980	25,983	997
Supplies and parts	31,750	44,998	44,455	543
Utilities	44,500	51,845	49,982	1,863
Interest	220,080	217,766	217,483	283
Other operating - general	83,298	89,339	88,279	1,060
Capital outlay	7,000	57,654	65,058	(7,404)
Total operating expenses	1,249,022	1,349,997	1,355,419	(5,422)
Operating income	116,478	152,001	163,088	21,931
Nonoperating revenues (expenses):				
Bond payment	(68,000)	(63,248)	(68,000)	4,752
Agent fees	(250)	(2,000)	(2,000)	-
Miscellaneous income	750	1,110	5,998	5,248
Total nonoperating revenues	(67,500)	(64,138)	(64,002)	3,498
Other financing sources (uses)				
Transfers between funds	-	-	23,000	(23,000)
Total other financing sources (uses)	-	-	23,000	(23,000)
Net income/(loss)	$ 48,978	$ 87,863	$ 122,086	$ 2,429
Net position - beginning of year			68,324	
Net position - end of year			$ 190,410	
Reconciliation to GAAP Basis				
Capital outlay			(65,058)	
Accrued interest expense				
Bond payment			(68,000)	
Depreciation and amortization			122,804	
Total reconciliation to GAAP Basis			(10,254)	
Net income/(loss) on GAAP Basis			132,340	
Net position - beginning of year			68,324	
Net position - end of year			$ 200,664	

The notes to the financial statements are an integral part of this statement.