EATON AREA
PARK AND RECREATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2025

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Eaton Area Park and Recreation District
Eaton, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Eaton Area Park and Recreation District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eaton Area Park and Recreation District as of December 31, 2025, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 22-23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Management has omitted the management's discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule – debt service fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exits between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Logan and Associates, LLC

Aurora, Colorado
August 10, 2026

BASIC FINANCIAL STATEMENTS

EATON AREA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION
December 31, 2025

ASSETS	
Cash and Investments	$ 5,442,035
Restricted Cash and Investments	678,424
Due from County Treasurer	51
Property Taxes Receivable	4,053,979
Prepaid Expenses	142,882
Prepaid Bond Insurance Premium	212,008
Capital Assets, Not Depreciated	313,852
Capital Assets, Depreciated Net of Accumulated Depreciation	21,596,628
TOTAL ASSETS	32,439,859
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	1,166,643
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,166,643
LIABILITIES	
Accounts Payable	66,157
Accrued Salaries and Benefits	56,982
Compensated Absences	88,979
Accrued Interest	55,515
Bonds Payable	
Due in One Year	1,168,715
Due in More Than One Year	19,306,219
Leases Payable	
Due in One Year	13,335
Due in More Than One Year	28,291
TOTAL LIABILITIES	20,784,193
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	4,053,979
TOTAL DEFERRED INFLOWS OF RESOURCES	4,053,979
NET POSITION	
Net Investment in Capital Assets	2,560,563
Restricted for Emergencies	107,600
Restricted for Debt Service	678,448
Unrestricted	5,421,719
TOTAL NET POSITION	$ 8,768,330

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

EATON AREA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT				
Parks and Recreation	$ 4,030,579	$ 1,014,548	$ 81,781	$ (2,934,250)
Interest and Related Charges on Long-term Debt	743,304	-	-	(743,304)
Total Governmental Activities	4,773,883	1,014,548	81,781	(3,677,554)

GENERAL REVENUES	
Property Taxes	3,942,142
Specific Ownership Taxes	159,512
Interest	252,973
TOTAL GENERAL REVENUES	4,354,627
CHANGE IN NET POSITION	677,073
NET POSITION, Beginning	8,091,257
NET POSITION, Ending	$ 8,768,330

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

EATON AREA PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
ASSETS			
Cash and Investments	$ 5,442,035	$ -	$ 5,442,035
Cash and Investments - Restricted	-	678,424	678,424
Due from County Treasurer	27	24	51
Property Taxes Receivable	2,242,579	1,811,400	4,053,979
Prepaid Expenses	142,882	-	142,882
TOTAL ASSETS	7,827,523	2,489,848	10,317,371
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	66,157	-	66,157
Accrued Salaries and Benefits	56,982	-	56,982
TOTAL LIABILITIES	123,139	-	123,139
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	2,242,579	1,811,400	4,053,979
FUND EQUITY			
Fund Balance			
Nonspendable	142,882	-	142,882
Restricted for Emergencies	107,600	-	107,600
Restricted for Debt Service	-	678,448	678,448
Assigned for Subsequent Year's Expenditures	500,790	-	500,790
Unassigned	4,710,533	-	4,710,533
TOTAL FUND EQUITY	5,461,805	678,448	6,140,253
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 7,827,523	$ 2,489,848	$ 10,317,371

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

EATON AREA PARK AND RECREATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	$ 6,140,253
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	21,910,480
Long-term liabilities and related items are not due and payable in the current period and accordingly are not reported as fund liabilities. These include the following:	
Accrued Interest Payable	(55,515)
Bonds Payable	(20,030,000)
Bond Premium, Net of Accumulated Amortization	(444,934)
Leases Payable	(41,626)
Compensated Absences	(88,979)
Deferred Loss on Refunding, Net of Accumulated Amoritization	1,166,643
Prepaid Bond Insurance Premium, Net of Accumulated Amortization	212,008
Net position of governmental activities	$ 8,768,330

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

EATON AREA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2025

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
REVENUES			
Taxes	$ 2,287,815	$ 1,813,839	$ 4,101,654
Grants and Contributions	18,190	-	18,190
Intergovernmental	63,591	-	63,591
Charges for Services	1,014,548	-	1,014,548
Interest	226,004	26,969	252,973
TOTAL REVENUES	3,610,148	1,840,808	5,450,956
EXPENDITURES			
Current			
Salaries and Wages	1,515,022	-	1,515,022
Personnel Benefits	361,874	-	361,874
Program Operations	198,812	-	198,812
Maintenance and Custodial	585,622	-	585,622
Training	33,941	-	33,941
Utilities and Fees	283,157	-	283,157
Operating Expenditures	262,281	27,222	289,503
Insurance	131,338	-	131,338
Debt Service			
Principal	16,192	1,075,000	1,091,192
Interest	2,207	709,176	711,383
Capital Outlay	85,242	-	85,242
TOTAL EXPENDITURES	3,475,688	1,811,398	5,287,086
NET CHANGE IN FUND BALANCES	134,460	29,410	163,870
FUND BALANCES, Beginning	5,327,345	649,038	5,976,383
FUND BALANCES, Ending	$ 5,461,805	$ 678,448	$ 6,140,253

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

EATON AREA PARK AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	$ 163,870
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	110,513
Depreciation Expense	(660,489)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include	
Bond Principal	1,075,000
Lease Principal	16,192
Amortization of Bond Premium	57,182
Amortization of Bond Insurance Premium	(14,208)
Amortization of Deferred Loss on Refunding	(78,478)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in Compensated Absences	3,908
Change in Accrued Interest	3,583
Change in Net Position of Governmental Activities	$ 677,073

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Eaton Area Park and Recreation District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado was organized in 2014 and operates pursuant to the provisions of the Colorado Revised Statutes of the Colorado Special District Act (Title 31, Article 1). The District was established to construct, maintain and operate park and recreation facilities in the Town of Eaton, Weld County, Colorado.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the District does not include additional organizations in its report entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities are normally supported by taxes, fees, charges, and intergovernmental revenues.

The statement of net position reports all financial, capital and debt resources of the District. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the District is reported as net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, specific ownership taxes or unrestricted revenues.

Separate financial statements, (fund financial statements) are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide 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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

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 to be “available” when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

The District reports the following major governmental funds in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and park maintenance of the District, except those required to be reported in a separate fund.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District

Assets, Liabilities, Fund Balance/Net Assets

Cash and Investments – The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investments are carried at fair value.

Receivables – Accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets – Capital assets, which include buildings and related improvements, equipment and vehicles owned by the District, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	50 years
Equipment	10 years
Office Equipment	5-10 years
Irrigation Improvements	50 years
Equipment - Leased	10 years

Compensated Absences – It is the District's policy to allow full-time employees to accumulate unused vacation and sick leave depending on years of service. A maximum of 40 hours of unused vacation time may be carried over at the employee's employment anniversary date each year. Accrued unused vacation will be paid at the current pay rate upon separation of employment. Full-time employees who have at least 36 or 60 months of employment will be paid for 25% or 50% of unused sick leave, respectively at their current pay rate upon separation of employment from the District. A liability for unused vacation and sick leave is reported as compensated absences in the statement of net position of the government-wide financial statements.

Based on State of Colorado law, part-time employees are allowed to accumulate unused sick leave up to a maximum amount, but are not paid upon separation of employment. An estimated liability for unused sick leave is included in compensated absences reported in the statement of net position of the government-wide financial statements.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Debt premiums are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Prepaid bond insurance costs which are recorded as an asset and amortized over the period of the debt.

Net Position – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The District had nonspendable amounts related to prepaid items reported.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District had restricted amounts for emergency reserves as required by State statutes, and debt service requirements.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the District Board of Directors. The constraint may be removed or changed only through formal action of the District Board of Directors.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Assigned – This classification includes amounts that are constrained by the District's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the District Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The District assigned amounts related to next year's budgeted expenditures that exceed budgeted revenues.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When both the restricted and unrestricted fund balances are available the District uses restricted fund balance first, followed by unrestricted.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements for the deferred loss on bond refunding.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District 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 only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2025 through August 10, 2026, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2025, follows:

Cash Deposits	$ 378,873
Investments	5,741,586
Total	$ 6,120,459
Cash and Investments - Unrestricted	$ 5,442,035
Cash and Investments – Restricted	678,424
Total	$ 6,120,459

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the District had cash deposits with a carrying amount of $378,873 and bank balances totaling $591,269, of which $250,000 were insured by FDIC and $341,269 were collateralized with securities held by the financial institution's agents, but not in their name.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The District has adopted a formal investment policy by which it follows State statutes regarding investments.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following:

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years or less, unless formally approved by the Board of Directors.

At December 31, 2025, the District had the following investments:

	Maturity	2025
Invesco Treasury Portfolio	Weighted Average 55 days	$ 5,168,393
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	573,193
		$ 5,741,586

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Federated Treasury Obligation Fund

As of December 31, 2025, the District was invested in the Invesco Treasury Portfolio which is a money market mutual fund that invests primarily in short-term, high-credit-quality money market instruments that are direct obligations of the US Treasury and repurchase agreements backed by Treasury obligations. The Invesco Treasury Portfolio is rated AAAm by Standard & Poor's.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

COLOTRUST

The District invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable, Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. As of December 31, 2025, COLOTRUST EDGE possessed a weighted average maturity of 132 days and a weighted average life of 209 days.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard and Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Restricted cash and investments in the amount of $678,424 are held in trust or otherwise restricted for debt service in accordance with the bond agreement.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Capital Assets, not being depreciated				
Land and Land Improvements	$ 313,852	$ -	$ -	$ 313,852
Total Capital Assets, not being depreciated	313,852	-	-	313,852
Capital Assets, being depreciated				
Buildings and improvements	25,142,897	46,468	-	25,189,365
Equipment	916,355	31,234	-	947,589
Office Equipment	257,774	32,811	-	290,585
Land/Irrigation Improvements	235,239	-	-	235,239
Total Capital Assets, being depreciated	26,552,265	110,513	-	26,662,778
Less accumulated depreciation				
Buildings and improvements	(3,850,697)	(524,582)	-	(4,375,279)
Equipment	(351,576)	(98,313)	-	(449,889)
Office Equipment	(157,784)	(22,790)	-	(180,574)
Land/Irrigation Improvements	(45,604)	(14,804)	-	(60,408)
Total accumulated depreciation	(4,405,661)	(660,489)	-	(5,066,150)
Total Capital Assets, being depreciated, net	22,146,604	(549,976)	-	21,596,628
Total Capital Assets, net	$ 22,460,456	$ (549,976)	$ -	$ 21,910,480

Depreciation expense was charged to the District's Governmental Activities Parks and Recreation programs.

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
2020 Limited Taxable GO Bonds	$ 21,105,000	$ -	$ 1,075,000	$ 20,030,000	$ 1,115,000
2020 Bond Premium	502,116	-	57,182	444,934	53,715
Compensated Absences	92,887	-	3,908	88,979	88,979
	$ 21,700,003	$ -	$ 1,136,090	$ 20,563,913	$ 1,257,694

NOTE 4: LONG-TERM DEBT (Continued)

Limited Tax Taxable General Obligation Refunding Bonds, Series 2020

On November 12, 2020, the District issued the Limited Tax Taxable General Obligation Refunding Bonds, Series 2020 in the amount of $22,750,000 to advance refund $20,345,000 of the 2015 Bonds. The bonds bear interest of 2.468% to 4.000%. The Bonds mature on December 1, 2040 with mandatory sinking fund payments each year beginning on December 1, 2023. Interest is payable on June 1 and December 1 of each year, commencing on June 1, 2020. The bonds are payable from pledged revenue, which includes the District's covenant to levy the limited mill levy on all taxable property within the District to pay for debt scheduled payments and to make up any deficiencies in the Reserve Account and any other available revenues of the District. The District is required to impose a mill levy sufficient to pay principal and interest on the bonds as they come due in an amount not to exceed 50 mills less the number of mills permitted to be imposed for payment of operations and maintenance expenses of the District.

Annual debt service requirements for the District's outstanding bonds at December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,115,000	$ 666,176	$ 1,781,176
2027	1,160,000	621,576	1,781,576
2028	1,205,000	575,175	1,780,175
2029	1,260,000	526,975	1,786,975
2030	1,295,000	495,879	1,790,879
2031-2035	6,985,000	1,919,702	8,904,702
2036-2040	7,010,000	712,656	7,722,656
	$ 20,030,000	$ 5,518,139	$ 25,548,139

Debt Authorization

As of December 31, 2025, the District had voter authorized and issued indebtedness as noted below:

	Authorized November 4, 2014 Election	Authorization Used	Remaining as of December 31, 2025
Parks and Recreation	$ 24,345,000	$ 24,345,000	$ -

NOTE 5: LEASES

Following is a summary of lease transactions for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Equipment Leases Payable	$ 57,818	$ -	$ 16,192	$ 41,626	$ 13,335

In 2020 the District entered into Lease Purchase Agreements (Lease Agreements) with John Deere Financial for the purchase of a Compact Track Loader, and a Z-Track Mower. The Lease Agreements were subject to annual appropriation by the District. The Lease Agreements had varying terms through 2025 and were paid off during 2025.

On March 15, 2023 the District entered into a Sub-Rental Agreement with Turf Tank for a GPS Line Marking Robot. The lease required an initial $10,000 payment upon signing the lease, followed by five additional annual payments of $15,000, for a total of $85,000. The District’s borrowing rate has been estimated at 4.00% resulting in a calculated initial lease liability and value of the leased equipment of $76,777.

Annual debt service requirements for the District’s outstanding lease at December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 13,335	$ 1,665	$ 15,000
2027	13,868	1,132	15,000
2028	14,423	577	15,000
	$ 41,626	$ 3,374	$ 45,000

NOTE 6: INTERGOVERNMENTAL AGREEMENT

Eaton School District RE-2

On April 11, 2016, the District entered into a Water Use Agreement (Water Agreement) with Eaton School District RE-2 (Eaton District). Per the Water Agreement, the Eaton District retains certain easement rights related to wells, power to wells and an underground pipeline to the wells, which are on property owned by the District. The District was granted a perpetual right to use a maximum

NOTE 6: INTERGOVERNMENTAL AGREEMENT (Continued)

Eaton School District RE-2 (Continued)

of 20% of the decreed flow rate or physically available flow rate of water from the wells, whichever is less, and a maximum of 20% of the annual volume that is legally and physically available for diversion from the wells, to be used by the District for irrigation uses only on the property. The maximum volume the wells can convert each year is 315 acre feet of water. The District shall pay an annual fee to the Eaton District equal to 20% of the total annual cost for the shared facilities. At the time of the agreement, improvements were needed to the wells and related infrastructure, and the District and Eaton District agreed to each share 50% of the costs of the needed improvements. Certain improvements have been made to the infrastructure since inception of the agreement, some borne by the District and some by the Eaton District. During 2021, the District paid a negotiated amount of $90,417 to the Eaton District for reimbursement of costs incurred by the Eaton District for infrastructure improvements.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees, health claims or natural disasters.

Risks of loss from property and liability coverage and injuries to employees are covered by the District's participation in the Colorado Special Districts Property and Liability Pool (the "Pool"), along with participation in the worker's compensation pool. The Pool is a separate independent organization created by an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Poll exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the past three years.

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NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 4, 12014, the registered voters of the District approved the following ballot issues, among others:

- *Ballot Issue 5B* - Shall Eaton Area Park and Recreation District's taxes be increased up to $1,050,000 annually (for tax collection year 2016) and by such additional amounts raised annually thereafter by and ad valorem property tax mill levy imposed at a rate of up to three (3) mills or such lesser rate as the Board of Directors shall determine to pay the costs of District operations and maintenance; and shall the revenue from such taxes constitute permanent voter approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitation set forth in Section 29-1-301 of the Colorado Revised Statutes (provided that any future increase in the mill levy above three (3) mills will be subject to future voter approval?

- *Ballot Issue 5D* - Shall Eaton Area Park and Recreation District be permitted to collect, retain, and expend the full amount revenues generated from all sources in 2015 and in each subsequent year thereafter, without limitation or condition Article X, Section 20 of the Colorado Constitution or under related limits which may otherwise apply, to use such revenue for Park and Recreation purposes and for any other lawful purpose: provided that the District shall not create any new tax or increase any tax without future voter approval?

The District has established an emergency reserve, representing 3% of qualifying fiscal year spending, as required by TABOR. At December 31, 2025, the emergency reserve of $107,600 was reported as a restriction of fund balance and net position in the General Fund and Governmental Activities, respectively.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Tax Spending Limitation

Section 29-1-1702, Colorado Revised Statutes (C.R.S.), contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating revenue from property taxes is generally limited to a 10.50% increase over a two-year period (5.25% each year); such increase is determined based on a prior assessment period and adjusted for allowable exclusion and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

EATON AREA PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	2025		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET
REVENUES			
Taxes			
Property Taxes	$ 2,072,741	$ 2,128,303	$ 55,562
Specific Ownership Taxes	160,000	159,512	(488)
Conservation Trust Fund	60,000	63,591	3,591
Charges for Services			
Program Revenue	1,164,600	1,014,548	(150,052)
Recreation Revenue			-
Grants and Contributions	10,000	18,190	8,190
Interest	60,000	226,004	166,004
Miscellaneous	47,500		(47,500)
TOTAL REVENUES	3,574,841	3,610,148	35,307
EXPENDITURES			
Current			
Salaries and Wages	1,760,543	1,515,022	245,521
Personnel Benefits	447,745	361,874	85,871
Program Operations	194,396	198,812	(4,416)
Maintenance and Custodial	315,696	585,622	(269,926)
Training	23,800	33,941	(10,141)
Utilities and Fees	294,700	283,157	11,543
Operating Expenditures	348,630	262,281	86,349
Insurance	137,208	131,338	5,870
Debt Service			-
Principal	-	16,192	(16,192)
Interest	-	2,207	(2,207)
Capital Outlay	484,000	85,242	398,758
TOTAL EXPENDITURES	4,006,718	3,475,688	531,030
NET CHANGE IN FUND BALANCE	(431,877)	134,460	566,337
FUND BALANCE, Beginning	5,327,345	5,327,345	-
FUND BALANCE, Ending	$ 4,895,468	$ 5,461,805	$ 566,337

See the accompanying Independent Auditor's Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the District. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, Management submits to the District Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer and public comments.

- Prior to December 31, the budget is legally enacted through passage of a resolution.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the District Board of Directors.

- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

SUPPLEMENTARY INFORMATION

EATON AREA PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended December 31, 2025

	2025		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET
REVENUES			
Property Taxes	$ 1,814,263	$ 1,813,839	$ (424)
Interest	-	26,969	26,969
TOTAL REVENUES	1,814,263	1,840,808	26,545
EXPENDITURES			
County Treasurer's Fees	88	27,222	(27,134)
Debt Service			
Principal	1,814,175	1,075,000	739,175
Interest	-	709,176	(709,176)
TOTAL EXPENDITURES	1,814,263	1,811,398	2,865
NET CHANGE IN FUND BALANCE	-	29,410	29,410
FUND BALANCE, Beginning	649,038	649,038	-
FUND BALANCE, Ending	$ 649,038	$ 678,448	$ 29,410

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

EATON AREA PARK AND RECREATION DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2025

Year Ended December 31,	$22,750,000 Limited Tax Taxable General Obligation Refunding Bonds, Series 2020 Dated November 12, 2020 Interest Rate at 2.468% to 4.000% Principal Due December 1 Interest Due June 1 and December 1		
	Principal	Interest	Total
2026	$ 1,115,000	$ 666,176	$ 1,781,176
2027	1,160,000	621,576	1,781,576
2028	1,205,000	575,175	1,780,175
2029	1,260,000	526,975	1,786,975
2030	1,295,000	495,879	1,790,879
2031	1,315,000	462,364	1,777,364
2032	1,355,000	426,360	1,781,360
2033	1,395,000	387,905	1,782,905
2034	1,440,000	344,130	1,784,130
2035	1,480,000	298,943	1,778,943
2036	1,530,000	252,500	1,782,500
2037	1,585,000	197,390	1,782,390
2038	1,645,000	140,298	1,785,298
2039	1,100,000	81,045	1,181,045
2040	1,150,000	41,423	1,191,423
	$ 20,030,000	$ 5,518,139	$ 25,548,139

See the accompanying Independent Auditor's Report.

EATON AREA PARK AND RECREATION DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied General	Mills Levied Debt	Property Taxes Levied	Property Taxes Collected	Percentage Collected to Levied
2016	$ 587,907,960	1.786 *	3.170	$ 2,913,672	$ 2,923,109	100.3%
2017	342,071,360	3.000	5.453	2,891,529	2,891,275	100.0%
2018	313,048,630	3.006	5.959	2,806,481	2,798,778	99.7%
2019	374,177,610	3.002	5.218	3,075,740	3,075,549	100.0%
2020	565,502,930	3.001	3.360	3,597,164	3,552,914	98.8%
2021	548,342,700	3.001	1.459	2,445,708	2,481,558	101.5%
2022	391,074,020	3.019	4.139	2,799,307	2,788,076	99.6%
2023	753,366,620	3.029	2.138	3,892,645	3,892,728	100.0%
2024	989,224,020	3.000	1.630	4,580,107	4,605,624	100.6%
2025	690,884,560	3.000	2.626	3,886,917	3,942,142	101.4%
Est for 2026	$ 747,277,320	3.000	2.424	4,053,979		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

(*) includes temporary mill levy reduction of 1.214