SOUTH PARK – PARK AND RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

To the Board of Directors
South Park – Park and Recreation District
Fairplay, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the South Park – 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, the business-type activities and each major fund of the South Park – Park and Recreation District as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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 South Park – 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 of 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 required budgetary information on page 19 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 not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion is not affected by this missing information.

Supplementary and Other 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 individual fund schedules as listed in the table of contents, are presented for purposes of additional analysis and are 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 individual fund schedules have 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

July 1, 2026

BASIC FINANCIAL STATEMENTS

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION
As of December 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2025	TOTAL 2024
ASSETS				
Cash and Investments	$ 246,475	$ 18,124	$ 264,599	$ 249,300
Receivables				
Property Taxes	460,382	-	460,382	457,729
Accounts	-	-	-	-
Inventory	-	-	-	220
Capital Assets, Not Depreciated	-	304,600	304,600	304,600
Capital Assets, Depreciated				
Net of Accumulated Depreciation	-	1,470,668	1,470,668	1,520,475
TOTAL ASSETS	706,857	1,793,392	2,500,249	2,532,324
LIABILITIES				
Accounts Payable	-	2,244	2,244	1,776
Accrued Expenses	-	61,137	61,137	113,449
TOTAL LIABILITIES	-	63,381	63,381	115,225
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	460,382	-	460,382	457,729
NET POSITION				
Net Investment in Capital Assets	-	1,775,268	1,775,268	1,825,075
Restricted for Emergencies	15,200	-	15,200	15,600
Unrestricted	231,275	(45,257)	186,018	118,685
TOTAL NET POSITION	$ 246,475	$ 1,730,011	$ 1,976,486	$ 1,959,370

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

SOUTH PARK - 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	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 36,617	$ -	$ -	$ -
Parks and Recreation	3,380	-	-	32,746
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	39,997	-	-	32,746
Business-Type Activities				
Recreation Center	674,033	168,075	3,323	-
Total Business-Type Activities	674,033	168,075	3,323	-
Total Primary Government	$ 714,030	$ 168,075	$ 3,323	$ 32,746
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Interest				
Other				
Transfers				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS 2025	TOTALS 2024
$ (36,617)	$ -	$ (36,617)	$ (41,798)
29,366	-	29,366	33,587
-	-	-	-
(7,251)	-	(7,251)	(8,211)
-	(502,635)	(502,635)	(605,015)
-	(502,635)	(502,635)	(605,015)
(7,251)	(502,635)	(509,886)	(613,226)
459,820	-	459,820	477,509
41,286	-	41,286	40,188
435	-	435	2,568
4,456	21,005	25,461	25,918
(493,201)	493,201	-	-
12,796	514,206	527,002	546,183
5,545	11,571	17,116	(67,043)
240,930	1,718,440	1,959,370	2,026,413
$ 246,475	$ 1,730,011	$ 1,976,486	$ 1,959,370

SOUTH PARK - PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS 2025	TOTAL GOVERNMENTAL FUNDS 2024
ASSETS				
Cash and Cash Equivalents	$ 231,434	$ 15,041	$ 246,475	$ 240,930
Property Taxes Receivable	460,382	-	460,382	457,729
TOTAL ASSETS	$ 691,816	$ 15,041	$ 706,857	$ 698,659
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	460,382	-	460,382	457,729
FUND BALANCES				
Restricted for Emergencies	15,200	-	15,200	15,600
Restricted for Parks and Recreation	-	15,041	15,041	9,335
Unassigned	216,234	-	216,234	215,995
TOTAL FUND BALANCES	231,434	15,041	246,475	240,930
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 691,816	$ 15,041	$ 706,857	$ 698,659

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS 2025	TOTAL GOVERNMENTAL FUNDS 2024
REVENUES				
Taxes	$ 501,106	$ -	$ 501,106	$ 517,697
Intergovernmental	-	32,746	32,746	33,587
Interest	294	141	435	2,568
TOTAL REVENUES	505,856	32,887	538,743	553,852
EXPENDITURES				
General Government	36,617	-	36,617	41,808
Parks and Recreation	-	3,380	3,380	-
TOTAL EXPENDITURES	36,617	3,380	39,997	41,808
EXCESS OF REVENUES OVER EXPENDITURES	469,239	29,507	498,746	512,044
OTHER FINANCING USES				
Transfers Out	(469,400)	(23,801)	(493,201)	(427,151)
TOTAL OTHER FINANCING USES	(469,400)	(23,801)	(493,201)	(427,151)
NET CHANGE IN FUND BALANCES	(161)	5,706	5,545	84,893
FUND BALANCES, Beginning	231,595	9,335	240,930	156,037
FUND BALANCES, Ending	$ 231,434	$ 15,041	$ 246,475	$ 240,930

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
As of December 31, 2025

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 18,124	$ 8,370
Inventory	-	220
Total Current Assets	18,124	8,590
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	1,775,268	1,825,075
TOTAL ASSETS	1,793,392	1,833,665
LIABILITIES		
Current Liabilities		
Accounts Payable	2,244	1,786
Accrued Expenses	61,137	113,449
Total Current Liabilities	63,381	115,235
TOTAL LIABILITIES	63,381	115,235
NET POSITION		
Investment in Capital Assets	1,775,268	1,825,075
Unrestricted	(45,257)	(106,645)
TOTAL NET POSITION	$ 1,730,011	$ 1,718,430

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2025

	2025	2024
OPERATING REVENUES		
Charges for Services	$ 161,990	$ 141,859
Special Events	440	1,130
Facility Rental	5,645	11,893
Miscellaneous	21,005	25,918
TOTAL OPERATING REVENUES	189,080	180,800
OPERATING EXPENSES		
Operations	624,226	694,904
Depreciation	49,807	128,380
TOTAL OPERATING EXPENSES	674,033	823,284
OPERATING LOSS	(484,953)	(642,484)
NON-OPERATING REVENUES		
Grant Revenue	3,323	63,397
TOTAL NON-OPERATING REVENUES	3,323	63,397
NET LOSS BEFORE TRANSFERS	(481,630)	(579,087)
TRANSFER IN	493,201	427,151
NET INCOME (LOSS)	11,571	(151,936)
NET POSITION, Beginning	1,718,440	1,870,376
NET POSITION, Ending	$ 1,730,011	$ 1,718,440

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2025
Increase (Decrease) in Cash and Cash Equivalents

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 189,080	$ 183,695
Cash Paid to Suppliers	(236,323)	(304,279)
Cash Paid to Employees	(439,527)	(376,560)
Net Cash Used by Operating Activities	(486,770)	(497,144)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Revenue	3,323	63,397
Transfers from Other Funds	493,201	427,151
Net Cash Provided by Capital and Related Financing Activities	496,524	490,548
Net Increase (Decrease) in Cash and Cash Equivalents	9,754	(6,596)
CASH AND CASH EQUIVALENTS, Beginning	8,370	14,966
CASH AND CASH EQUIVALENTS, Ending	$ 18,124	$ 8,370
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (484,953)	$ (642,494)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	49,807	128,380
Changes in Assets and Liabilities		
Accounts Receivable	-	2,905
Accounts Payable	468	(721)
Accrued Expenses	(52,312)	14,785
Total Adjustments	(1,817)	145,349
Net Cash Used by Operating Activities	$ (486,770)	$ (497,145)

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The South Park – Park and Recreation District (the "District") is a quasi-governmental entity organized and operated pursuant to the Colorado Special Districts Act. The District was established in 1999 to provide parks and recreation facilities to residents of the District. The District is located in Park County, Colorado.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the South Park – Park and Recreation District has considered the possibility of inclusion of additional entities in its basic 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 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 governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting 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 of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds and proprietary 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*, as are the proprietary fund financial statements. 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 provider 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items 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.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

In the fund financial statements, the District reports the following major governmental funds:

> The *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.

The District reports the following major proprietary fund:

> The *Recreation Fund* accounts for the financial activities associated with the operation of the recreation center.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Receivables

Receivables are reported net of an allowance for doubtful accounts.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the business-type activities column in the government-wide and proprietary fund 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 assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	15 – 30 years
Equipment and Vehicles	3 – 10 years

Unearned Revenues

Unearned revenues represent membership dues for the next fiscal year, which have been received in the current fiscal year.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, bond issue costs and bond discounts are capitalized and amortized on a straight-line basis over the life of the bonds. These costs are reported in the applicable program expense section in the statement of activities.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portion for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

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:

- 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 has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies and has classified the fund balance of the *Construction Fund* as restricted because its use is restricted for the repayment of long-term debt. The District also reports the fund balance in the *Conservation Trust Fund* as restricted for park and recreation projects.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Fund Balance Classification (Continued)

The District did not have any committed resources as of December 31, 2025.

- 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.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. 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 revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Comparative Data (Continued)

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

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

- In the fall of each year, the District staff submits to the 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 comments.

- Prior to December 31, the budget is legally enacted through passage of an ordinance.

- Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

- Budgets are legally adopted for all funds of the District. Budgets for the General, Conservation Trust, and Construction Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Recreation Fund is presented on a non-GAAP budgetary basis. Capital outlay and depreciation are not budgeted.

- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

Legal Compliance

The actual expenditures in the General and Recreation Funds exceeded the budgeted amounts by $33,350 and $77,783, respectively. This may be a violation of State statute.

NOTE 3: ***DEPOSITS AND INVESTMENTS***

A summary of deposits and investments as of December 31, 2025, follows:

Petty Cash	$ 356
Deposits	264,243
Total	**$ 264,599**

The above amounts are classified in the statement of net position as follows:

Governmental Activities	$ 246,475
Business-Type Activities	18,124
Total	**$ 264,599**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $264,243. The bank balances with the financial institutions were $264,273, all of which were covered by federal depository insurance.

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities. The District does not have any investments requiring categorization as of December 31, 2025.

NOTE 4: ***CAPITAL ASSETS***

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

	Balances 12/31/24	Additions	Deletions	Balances 12/31/25
Business-type Activities				
Capital Assets, not depreciated				
Land and land improvements	$ 304,600	$ -	$ -	$ 304,600
Capital Assets, depreciated				
Buildings and Improvements	2,519,023	-	-	2,519,023
Equipment and Vehicles	673,687	-	-	673,686
Total Capital Assets, depreciated	3,192,710	-	-	3,192,709
Less Accumulated Depreciation				
Buildings and Improvements	1,050,669	49,087	-	1,100,476
Equipment and Vehicles	621,566	-	-	621,566
Total Accumulated Depreciation	1,672,235	49,087	-	1,722,042
Total Capital Assets, depreciated, Net	1,520,475	(49,087)	-	1,470,668
Business-type Activ				
Capital Assets, Net	**$ 1,825,075**	**$ (49,087)**	**$ -**	**$ 1,775,268**

Depreciation expense was charged entirely to the Recreation Center Program.

NOTE 5: *INTERFUND BALANCES AND TRANSFERS*

Transfers

Interfund transfers for the year ended December 31, 2025, were comprised of the following:

Transfers In	Transfers Out	Amount
Recreation Fund	General Fund	$ 469,400
Recreation Fund	Conservation Trust Fund	23,801
		$ 493,201

The General Fund and Conservation Trust Funds transferred funds to the Recreation Fund to assist in the cost of operating the recreation center.

NOTE 6: *RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special District Self Insurance Pool for property and liability coverage. The Pool insures property and liability exposures through contributions made by member districts.

The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The District carries commercial insurance for potential workers compensation claims. Claims have not exceeded insurance coverage for the last three years.

NOTE 7: *COMMITMENTS AND CONTINGENCIES*

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $15,200 was recorded in the General Fund.

NOTE 8: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through July 2, 2026. It was determined that no events are required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH PARK - PARK AND RECREATION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025			
	ORIGINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Property Taxes	$ 475,000	$ 459,820	$ (15,180)	$ 477,509
Specific Ownership Taxes	35,000	41,286	6,286	40,188
Interest	250	294	44	2,384
Other	-	4,456	4,456	-
TOTAL REVENUES	510,250	505,856	(4,394)	520,081
EXPENDITURES				
General Government				
Professional Services	16,410	16,913	(503)	14,452
Election Expense	1,540	60	1,480	-
Treasurer Fees	15,000	13,735	1,265	13,674
Other Expenses	950	828	122	13,682
Capital	25,000	5,081	19,919	-
Contingency	13,767	-	13,767	-
TOTAL EXPENDITURES	72,667	36,617	36,050	41,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	437,583	469,239	31,656	478,273
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	127,189
Transfers Out	(400,000)	(469,400)	(69,400)	(393,380)
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	(469,400)	(69,400)	(266,191)
NET CHANGE IN FUND BALANCE	37,583	(161)	(37,744)	212,082
FUND BALANCE, Beginning	224,559	231,595	7,036	19,513
FUND BALANCE, Ending	$ 262,142	$ 231,434	$ (30,708)	$ 231,595

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

SOUTH PARK - PARK AND RECREATION DISTRICT

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025			
	ORIGINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
State Lottery Funds	$ 40,000	$ 32,746	$ (7,254)	$ 33,587
Interest	200	141	(59)	184
TOTAL REVENUES	40,200	32,887	(7,313)	33,771
EXPENDITURES				
Parks and Recreation	-	3,380	(3,380)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,200	29,507	(10,693)	33,771
OTHER FINANCING USES				
Transfers Out	(40,000)	(23,801)	16,199	(33,771)
NET CHANGE IN FUND BALANCE	200	5,706	5,506	-
FUND BALANCE, Beginning	13,019	9,335	(3,684)	9,335
FUND BALANCE, Ending	$ 13,219	$ 15,041	$ 1,822	$ 9,335

See the accompanying independent auditors' report.

SOUTH PARK - PARK AND RECREATION DISTRICT

RECREATION FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) BASIS
Year Ended December 31, 2025

	2025			
	ORIGINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Charges for Services	$ 144,350	$ 161,990	$ 17,640	$ 141,849
Grants	108,922	3,323	(105,599)	63,397
Special Events	1,400	440	(960)	1,130
Facility Rental	12,000	5,645	(6,355)	11,893
Miscellaneous	-	21,005	21,005	25,918
Transfers In	440,000	493,201	53,201	427,151
TOTAL REVENUES	706,672	685,604	(21,068)	671,338
EXPENDITURES				
Salaries and Benefits	447,547	387,215	60,332	391,345
Utilities	100,800	96,048	4,752	98,160
Supplies	38,050	26,483	11,567	27,916
Office Expenses	29,958	31,766	(1,808)	23,047
Accounting	12,000	11,100	900	11,433
Insurance	13,517	13,517	-	13,219
Other	3,300	32,480	(29,180)	27,131
Repairs and Mainenance	61,500	25,617	35,883	102,653
TOTAL EXPENDITURES	706,672	624,226	82,446	694,904
NET INCOME (Budget Basis)	$ -	61,378	$ 61,378	(23,566)
GAAP BASIS ADJUSTMENTS				
Depreciation		(49,807)		(128,380)
NET INCOME (LOSS), GAAP BASIS		11,571		(151,946)
NET POSITION, Beginning		1,718,440		1,870,386
NET POSITION, Ending		$ 1,730,011		$ 1,718,440

See the accompanying independent auditors' report.