Fraser River Valley Housing Partnership

Financial Report

December 31, 2025

Fraser River Valley Housing Partnership

Financial Report

December 31, 2025

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B3
Basic Financial Statements:	
Governmental Fund Balance Sheet / Government-wide Statement of Net Position	C1
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance / Government-wide Statement of Activities	C2
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	C3
Notes to the Financial Statements	D1 – D9

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants
Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser River Valley Housing Partnership
Fraser, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Fraser River Valley Housing Partnership (the "Partnership"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Partnership as of December 31, 2025 and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Partnership's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership 's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Fraser River Valley Housing Partnership
Fraser, CO

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section B in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
October 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fraser River Valley Housing Partnership
Management's Discussion and Analysis
December 31, 2025

As management of the Fraser River Valley Housing Partnership (the "Partnership"), we offer readers of the Partnership's financial statements this narrative summary of the financial activities of the Partnership for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the Partnership's 2025 financial statements.

FINANCIAL HIGHLIGHTS

- The Partnership's government-wide assets exceeded its liabilities and deferred inflows of resources at December 31, 2025 by $3,455,445.

- The Partnership's net position increased by $1,675,571 in 2025.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Partnership's basic financial statements. The Partnership's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with an overview of the Partnership's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet / Statement of Net Position presents information on all the Partnership's assets, liabilities (both short-term and long-term), and deferred inflows of resources, with the difference between the assets and liabilities and deferred inflows of resources reported as fund balance / net position. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities shows how the government's fund balance / net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures, and Changes in Fund Balance focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities focuses on long-term economic resources and is reported on a full accrual basis.

The Partnership adopts an annual appropriated budget for its only fund – the General Fund. A budgetary comparison statement for the General Fund is presented on page C3 and has been provided to demonstrate compliance with this budget.

The Partnership's financial statements can be found on pages C1 through C3 of this report.

Notes to the Financial Statements: The notes provide a background of the entity, accounting policies utilized by the Partnership, relevant statutory considerations, and additional information that will aid in the reader's understanding of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

FINANCIAL ANALYSIS of the PARTNERSHIP

The following table summarizes the Partnership's net position at December 31, 2025:

	12/31/25	12/31/24
Assets:		
Current assets	$ 5,340,423	$ 3,570,601
Non-current assets, net	820	1,229
Total Assets	5,341,243	3,571,830
Liabilities:		
Current liabilities	40,855	49,851
Total Liabilities	40,855	49,851
Deferred Inflow of Resources:		
Property tax revenue	1,844,943	1,742,105
Total Deferred Inflow of Resources	1,844,943	1,742,105
Net Position:		
Net investment in capital assets	820	1,229
Restricted for:		
Emergencies	58,000	58,000
Unrestricted	3,396,625	1,720,645
Total Net Position	$ 3,455,445	$ 1,779,874

The following table summarizes the changes in the Partnership's net position for 2025:

	2025	2024
Revenues:		
Property taxes	$ 1,742,164	$ 1,776,783
Specific ownership taxes	87,367	81,490
Other revenues	122,082	77,831
Total Revenues	1,951,613	1,936,104
Expenses:		
Operating expenses	276,042	1,145,819
Total Expenses	276,042	1,145,819
Change in Net Position	1,675,571	790,285
Net Position - Beginning of Year	1,779,874	989,589
Net Position - End of Year	$ 3,455,445	$ 1,779,874

The most significant source of revenue for the Partnership is property taxes.

The Partnership's total expenses for 2025 were $276,042 primarily for professional services, Treasurer's fees, rent assistance for workforce housing, and salaries and benefits.

BUDGET VARIANCES in the GENERAL FUND

Significant budget variances in the General Fund during 2025 were as follows:

	Final Budget	Actual	Positive / (Negative) Variance
Revenues:			
Interest and investment income	$ 49,000	$ 122,082	$ 73,082
Expenditures:			
Salaries and wages	145,000	20,479	124,521
Capital projects	1,530,000	-	1,530,000
Contributions to towns	300,000	-	300,000

Interest revenue exceeded budget due to conservative budgeting for interest earnings.

The Partnership budgeted for the Executive Director position which was not fulfilled in fiscal year 2025. The budget also budgeted for capital project contributions which were not executed during the fiscal year.

NEXT YEAR'S BUDGET

The Partnership's General Fund balance at the end of the 2025 fiscal year was$3,454,625. The Partnership's 2026 budget appropriates $3,500,000 for affordable housing investments and anticipates an ending General Fund balance of approximately $1,500,000.

REQUEST for INFORMATION

This financial report is designed to provide a general overview of the Partnership's finances for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Fraser River Valley Housing Partnership
P.O. Box 744
Fraser, CO 80442
Attention: Executive Director

BASIC FINANCIAL STATEMENTS

Fraser River Valley Housing Partnership
Governmental Fund Balance Sheet /
Government-wide Statement of Net Position
December 31, 2025

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and investments	3,489,896	-	3,489,896
Cash with County Treasurer	5,584	-	5,584
Property tax receivable	1,844,943	-	1,844,943
Capital assets, net of accumulated depreciation	-	820	820
Total Assets	5,340,423	820	5,341,243
Liabilities:			
Accounts payable and accrued liabilities	40,855	-	40,855
Total Liabilities	40,855	-	40,855
Deferred Inflow of Resources:			
Property tax revenue	1,844,943	-	1,844,943
Total Deferred Inflow of Resources	1,844,943	-	1,844,943
Fund Balance:			
Restricted:			
Emergencies	58,000	(58,000)	-
Committed	5,050,000	(5,050,000)	-
Unassigned	(1,653,375)	1,653,375	-
Total Fund Balance	3,454,625	(3,454,625)	-
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	5,340,423		
Net Position:			
Net investment in capital assets		820	820
Restricted for:			
Emergencies		58,000	58,000
Unrestricted		3,396,625	3,396,625
Total Net Position		3,455,445	3,455,445

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

Fraser River Valley Housing Partnership
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance / Government-wide Statement of Activities
For the Year Ended December 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property taxes	1,742,164	-	1,742,164
Specific ownership taxes	87,367	-	87,367
Interest and investment income	122,082	-	122,082
Total Revenues	1,951,613	-	1,951,613
Expenditures / Expenses:			
Salaries and wages	20,479	-	20,479
Benefits	3,730	-	3,730
Travel meals and entertainment	8,726	-	8,726
Professional services	108,864	-	108,864
Technology services	4,547	-	4,547
Bank fees	1,125	-	1,125
Marketing	736	-	736
Supplies	431	-	431
Postage	112	-	112
Telephone	1,860	-	1,860
Insurance	1,912	-	1,912
Rent assistance	36,000	-	36,000
Treasurer's Fees	87,111	-	87,111
Depreciation expense	-	409	409
Total Expenditures / Expenses	275,633	409	276,042
Change in Fund Balance / Net Position	1,675,980	(409)	1,675,571
Fund Balance / Net Position - Beginning of Year	1,778,645		1,779,874
Fund Balance / Net Position - End of Year	3,454,625		3,455,445

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

Fraser River Valley Housing Partnership
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	2025			2024
	Original and Final Budget	Actual	Budget Variance: Positive (Negative)	Actual
Revenues:				
Property taxes	1,743,650	1,742,164	(1,486)	1,776,783
Specific ownership taxes	65,000	87,367	22,367	81,490
Interest and investment income	49,000	122,082	73,082	77,831
Other revenues	13,976	-	(13,976)	-
Total Revenues	1,871,626	1,951,613	79,987	1,936,104
Expenditures:				
Salaries and wages	145,000	20,479	124,521	145,000
Benefits	38,808	3,730	35,078	33,139
Travel, meals and entertainment	7,800	8,726	(926)	3,862
Professional services	141,400	108,864	32,536	65,182
Technology services	12,000	4,547	7,453	3,168
Bank fees	1,500	1,125	375	1,052
Marketing	6,500	736	5,764	4,723
Professional memberships	5,000	-	5,000	2,230
Supplies	1,500	431	1,069	1,223
Non-capital equipment	2,000	-	2,000	-
Postage	300	112	188	157
Telephone	1,080	1,860	(780)	1,164
Insurance	2,900	1,912	988	4,418
Rent assistance	45,000	36,000	9,000	41,250
Capital projects	1,530,000	-	1,530,000	-
Contributions to towns	300,000	-	300,000	750,000
Treasurer's Fees	87,941	87,111	830	88,842
Total Expenditures	2,328,729	275,633	2,053,096	1,145,410
Net Change in Fund Balance	(457,103)	1,675,980	2,133,083	790,694
Fund Balance - Beginning of Year		1,778,645		987,951
Fund Balance - End of Year		3,454,625		1,778,645

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Fraser River Valley Housing Partnership (the "Partnership") is a multi-jurisdictional housing authority formed in April 2022 through an intergovernmental agreement to facilitate the development of workforce housing units. The Partnership will identify ways to support workforce housing projects and implement programs that increase the inventory of available units.

Participating governmental entities include Grand County, Colorado; the Town of Winter Park, Colorado; the Town of Fraser, and the Town of Granby, Colorado. The agreement is further explained in footnote V.B. to these financial statements.

The Partnership is governed by an appointed seven-member Board of Directors (the "Board"): one Director is appointed by each participating entity with three additional "at-large" Directors appointed by the Board.

The Partnership's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for the establishment of GAAP for governmental entities. The following summary of the more significant accounting policies of the Partnership is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

A. Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the Partnership, and (b) organizations for which the Partnership is financially accountable. The Partnership is considered to be financially accountable for a legally separate organization if 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 impose specific financial burdens on, the Partnership. Consideration is also given to other organizations that are fiscally dependent, i.e., unable to adopt a budget, levy tax, or issue debt without approval by the Partnership. Organizations for which the nature and significance of their relationship with the Partnership are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. The Partnership is neither a component unit of any other government nor has any component units for which it is responsible.

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

Both the government-wide and fund financial statements categorize primary activities as either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business-type (i.e., relying to a significant extent on fees and charges for support) activities. Currently, the Partnership performs only governmental activities.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

In the Governmental Fund Balance Sheet / Government-wide Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Partnership's net position is reported in three parts, as needed – investment in capital assets, restricted, and unrestricted.

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

The financial transactions of the Partnership are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Partnership reports only one fund – the General Fund - which accounts for all activities of the government. Contributions and other sources of revenue used to finance the fundamental operations of the Partnership are included in this fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis (continued)

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 collectible within the current period or soon enough thereafter to pay liabilities to the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Financial Statement Accounts

1. Cash and Investments

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

The Partnership follows Colorado state statutes as an investment policy, which permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury obligations (maximum maturity of 60 months)
- Federal instrumentality securities (maximum maturity of 60 months)
- FDIC-insured certificates of deposit (maximum maturity of 18 months)
- Corporate bonds (maximum maturity of 36 months)
- Prime commercial paper (maximum maturity of 9 months)
- Eligible banker’s acceptances
- Repurchase agreements
- General Obligations and Revenue Obligations
- Local government investment pools
- Money market mutual funds

2. Receivables

Receivables are comprised of amounts due from other governments, taxes receivable, or other entities, and are reported net of an allowance for uncollectible accounts. At December 31, 2025, the Partnership recorded an allowance of $0 related to accounts receivable. The Partnership considers all receivables to be collectible.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Deferred Inflows of Resources

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

4. Capital Assets

Capital assets are defined by the Partnership as assets with an initial cost of $1,000 or more. Purchased assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital Asset	Years
Office equipment	5

5. Fund Balance

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

The Partnership classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Fund Balance (continued)

- Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board or its management designees.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

The Partnership has adopted and assigned a minimum fund balance policy in an amount of three months of average operating expenses which is anticipated to increase to six months of average operating expenses by fiscal year 2026.

6. Use of Estimates

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Partnership's financial statements include a reconciliation between governmental funds total fund balance and net position of governmental activities as reported in the government-wide Statement of Net Position. The Partnership adds assets including $2,047 in capital assets and accumulated depreciation of $1,227.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The Partnership's financial statements also include a reconciliation between the net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide Statement of Activities. To allocate the cost of the capital assets over their estimated useful life there is $409 for depreciation expense.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the Board formally adopts a budget with appropriations by fund for the ensuing year pursuant to the State of Colorado's *Local Government Budget Law* statutes. The budget for the governmental fund is adopted on a basis consistent with GAAP.

The Partnership followed this process in preparing, approving, and enacting its budget for fiscal year 2025:

(1) On or before October 15, 2024, the Partnership submitted to the Board a recommended budget that detailed the revenues necessary to meet the Partnership's operating requirements.
(2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15th.
(3) After adoption of the initial budget resolution, the Partnership may make the following changes: (a) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) it may approve emergency appropriations; and (c) it may reduce appropriations for which originally estimated revenues are insufficient.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at year-end. The appropriated budget is prepared by fund, by object. The Partnership may make transfers of appropriations within a fund. The legal level of budgetary controls (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

B. TABOR Amendment

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Partnership has reserved $58,000 of the December 31, 2025 fund balance in the General Fund for this purpose.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 8, 2022, the Partnership electorate approved the following with regard to TABOR limitations: shall the Partnership be authorized to collect, retain and spend the proceeds from such property taxes and all other revenues received for the purposes described above which shall constitute a voter approved revenue change and an exception to the limitations contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law.

The Partnership's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

IV. Detailed Notes on All Funds

A. Cash and Investments

Colorado's Public Deposit Protection Act (the "PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The Federal Deposit Insurance Corporation (the "FDIC") insures the first $250,000 of the Partnership's interest-bearing deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by the PDPA. The Partnership's deposits at December 31, 2025 are entirely covered by the FDIC or by the PDPA.

At December 31, 2025, the carrying value of the Partnership's deposits was $3,489,896 and the bank balance of these accounts was $3,489,896. Any difference between carrying and bank balances represents items that had not cleared the bank at year-end.

At year-end, the Partnership had the following cash and investments, with the following ratings and maturities:

			Maturities	
Type	**Standard & Poor's Rating**	**Carrying Amount**	**Less than One Year**	**One to Five Years**
Deposits:				
Checking	Not Rated	$ 46,238	$ 46,238	$ -
Investments:				
Local government pools	AAAm	3,443,658	3,443,658	-
Total		$ 3,489,896	$ 3,489,896	$ -

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Fair Value of Investments: The Partnership measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2025, the Partnership had the following recurring fair value measurements:

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Partnership diversifies its investments by security type and institution. The Partnership also coordinates the maturities of its investments to closely match cash flow needs and invests in securities with limited, shorter-term maturities.

Credit Risk: State law limits investments to those authorized by State statutes, including U.S. agencies and 2a7-like pools. The Partnership's investment policy is to apply the prudent-investor rule: investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Pools: The Partnership's holdings in investment pools are comprised of balances with COLOTRUST, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. It operates similarly to money market funds, whereby each share is equal in value to $1. Investments of the trust consist of U.S. Treasury bills, notes, and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Partnership has no regulatory oversight for the pool. Investment balances in the pools are not subject to limitations or restrictions on withdrawals.

At year end, the Partnership had the following recurring fair value measurements:

Investments Measured at Net Asset Value	
Colotrust	$ 3,443,658

B. Capital Assets

At December 31, 2025, the Partnership had the following capital assets:

	12/31/24 Balance	Additions	Deletions	12/31/25 Balance
Governmental Activities:				
Capital assets being depreciated:				
Office equipment	$ 2,047	$ -	$ -	$ 2,047
Less: accumulated depreciation	(818)	(409)	-	(1,227)
Governmental Activities Capital Assets, net	$ 1,229	$ (409)	$ -	$ 820

IV. Detailed Notes on All Funds (continued)

C. Fund Balance Disclosures

In 2025, the Partnership executed a Grant Agreement providing up to $4,750,000 in grant funds to be disbursed in installments through 2041 to the Fraser Housing Authority for the St. Louis Landing affordable housing project.

The Partnership's General Fund reported a negative unassigned fund balance of $1,653,375 at December 31, 2025.

V. Other Information

A. Risk Management

The Partnership is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; and errors and omissions. The Partnership has obtained coverage through a municipal self-insurance pool for these risks and claims, if any, which are not expected to exceed covered amounts.

B. Intergovernmental Agreement

Effective April 12, 2022, Grand County, the Town of Winter Park, the Town of Fraser, and the Town of Granby executed an intergovernmental agreement (the “Agreement”) to establish the Partnership. The Agreement is to remain in effect indefinitely but can be terminated by approval of 66% of the Partnership’s Board. Any party may terminate its participation in this Agreement as of the end of any calendar year by giving at least 6 months written notice to the other parties provided that such withdrawing party shall pay all of its obligations including any effective funding agreement to the effective date of the termination of its participation.

On May 13, 2023, the Partnership’s Board approved a Memorandum of Understanding with the Town of Winter Park for hiring, employing, and paying for employment and benefits of an executive director in the same manner it does for the Town of Winter Park employees, and the Partnership shall reimburse the Town of Winter Park for the salary and employee benefits paid by the Town of Winter Park to the executive director. During fiscal year 2025, the Partnership incurred $24,209 for wages and benefits relating to this agreement.

C. Subsequent Events

In April 2026, the Partnership entered into a Tax Increment Revenue Agreement (the “TIR Agreement”) with the Winter Park Urban Renewal Authority (the “Authority”). The TIR Agreement has a 25-year term and provides that 100% of the property tax increment revenues attributable to the Partnership's mill levy within the urban renewal plan area (revenues from growth in assessed value above the base valuation) will be retained by the Authority, with 0% remitted to the Partnership. The Authority may use the Partnership’s increment in furtherance of the urban renewal project. The TIR Agreement does not reduce the Partnership's existing property tax revenues, and the Partnership does not expect it to have a material effect on its ability to provide services. Upon expiration of the term, the increment revenues revert to the Partnership.