VALLEY RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2025 AND 2024

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ROBINS WATER HANSONS CPAS PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Valley Recreation District
Hazelton, Idaho

Opinion

We have audited the accompanying financial statements of the governmental activities of Valley Recreation District (VRD) as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise VRD'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 of VRD, as of September 30, 2025 and 2024, and the respective changes in financial position and the respective budgetary comparison for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VRD and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the VRD'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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 VRD'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 VRD's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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. VRD has elected to not present MD&A. We have applied certain limited procedures to the pension 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of VRD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VRD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VRD's internal control over financial reporting and compliance.

Robins Waters Hanson CPAs PLLC
Robins Waters Hanson CPAs PLLC
Burley, Idaho
November 18, 2025

VALLEY RECREATION DISTRICT

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF SEPTEMBER 30, 2025 AND 2024

	2025			2024		
	General Fund Balance Sheet	Adjustments to GAAP (See notes)	Statement of Net Position	General Fund Balance Sheet	Adjustments to GAAP (See notes)	Statement of Net Position
Assets						
Cash & Cash Equivalents	$ 115,226		$ 115,226	$ 128,453		$ 128,453
Restricted Cash	5,491		5,491	16,313		16,313
Taxes Receivable	9,968		9,968	2,228		2,228
State Revenue Receivable	5,029		5,029	4,951		4,951
Other Receivable	-		-	-		-
Property and Equipment, Net of Accumulated Depreciation		233,793	233,793	-	245,707	245,707
	135,714	233,793	369,507	151,945	245,707	397,652
Deferred Outflows of Resources						
Pension related items	-	6,445	6,445	-	9,736	9,736
	$ 135,714	$ 240,238	$ 375,952	$ 151,945	$ 255,443	$ 407,388
Liabilities						
Current Liabilities						
Accounts Payable	$ 5,141		$ 5,141	$ 20,499		$ 20,499
Accured Payroll Liabilities	11,194		11,194	10,240		10,240
Capital Lease - Current	-	-	-		3,448	3,448
Net Pension Liability	-	25,482	25,482		45,599	45,599
Long Term Liabilites						
Capital Lease - Long Term	-	-	-		-	-
Total Liabilities	16,335	25,482	41,817	30,739	49,047	79,786
Deferred Inflows of Resources						
Unavailable revenue	9,368	(9,368)	-	1,728	(1,728)	-
Pension related items	-	11,032	11,032		-	-
Fund Balance/Net Position						
Resticted Fund Balance	5,491	(5,491)	-	16,313	(16,313)	-
Unassigned Fund Balance	104,520	(104,520)	-	103,165	(103,165)	-
	$ 135,714			$ 151,945		
Net Position:						
Invested in Capital Assets		233,793	233,793		242,259	242,259
Restricted		5,491	5,491		16,313	16,313
Unrestriced		83,819	83,819		69,030	69,030
Total Net Position		213,092	323,103		208,124	327,602
		$ 240,238	$ 375,952		$ 255,443	$ 407,388

See accompanying notes to financial statements.

VALLEY RECREATION DISTRICT

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025			2024		
	General Fund	Adjustments to GAAP (see notes)	Statement of Activities	General Fund	Adjustments to GAAP (see notes)	Statement of Activities
Expenditures/Expenses						
Wages and Benefits	$ 129,626	$ (5,794)	$ 123,832	$ 132,653	$ 7,486	$ 140,139
Depreciation	-	31,331	31,331	-	28,296	28,296
Capital Outlay	19,417	(19,417)	-	82,193	(82,193)	-
Capital Leases:						
Principal	3,448	(3,448)	-	5,910	(5,910)	-
Interest	-		-	-	-	-
Repairs and Maintenance	20,940		20,940	53,834	(492)	53,342
Program Expenditures	13,000		13,000	18,451		18,451
Waterways Expenditures	15,974		15,974	13,211		13,211
Insurance	2,991		2,991	7,690		7,690
Office Expense	7,227		7,227	5,822		5,822
Contract Services	2,346		2,346	8,403		8,403
Fuel and Mileage	5,949		5,949	7,081		7,081
Rent	-		-	-		-
Utilities	3,399		3,399	2,697		2,697
Miscellaneous	316		316	171		171
Total Expenditures/Expenses	224,633	2,672	227,305	338,116	(52,813)	285,303
Program Revenues						
Recreation Fees	12,558		12,558	14,139		14,139
Total Program Revenues	12,558	-	12,558	14,139	-	14,139
Net Program Expenses			214,747			271,164
General Revenues						
Property Taxes	157,726	7,640	165,366	153,266	272	153,538
State Revenue	20,196		20,196	19,572		19,572
Waterways Revenue	10,000		10,000	22,500		22,500
Donations & Sponsorships	14,043	-	14,043	91,456		91,456
Interest on Investments	643		643	2,949		2,949
Proceeds from Financing	-	-	-	-		-
Total General Revenues	202,608	7,640	210,248	289,743	272	290,015
Excess Revenues over Expenditures	(9,467)	4,968	(4,499)	(34,234)	53,085	18,851
Fund Balance/Net Postition at Beginning of Year	119,478	208,124	327,602	$ 153,712	$ 155,039	308,751
Fund Balance/Net Position at End of Year	$ 110,011	$ 213,092	$ 323,103	$ 119,478	$ 208,124	$ 327,602

See accompanying notes to financial statements.

VALLEY RECREATION DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025				2024			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Property Taxes	$ 174,685	$ 174,685	$ 157,726	$ (16,959)	$ 170,313	$ 160,580	$ 153,266	$ (7,315)
Recreation Fees	20,000	20,000	12,558	(7,442)	18,000	18,000	14,139	(3,861)
State Revenue	22,415	22,415	20,196	(2,219)	20,415	20,415	19,572	(843)
Waterways Revenue	-	-	10,000	10,000	-	-	22,500	22,500
Proceeds from financing	-	-	-	-	-	-	-	-
Interest Income		-	643	643	-	-	2,949	2,949
Donations & Sponsorships	20,000	20,000	14,043	(5,957)	15,000	95,771	91,456	(4,315)
Total Revenues	237,100	237,100	215,166	(21,934)	223,728	294,766	303,882	9,116
Expenditures								
Wages and Benefits	126,600	128,600	129,626	(1,026)	126,500	136,500	132,653	3,847
Capital Expenditures	18,000	11,000	22,865	(11,865)	17,000	87,771	88,103	(332)
Repairs and Maintenance	53,500	58,500	20,940	37,560	52,000	50,000	53,834	(3,834)
Program Expenses	19,500	19,500	13,000	6,500	19,300	19,300	18,451	849
Waterways Expenditures	22,000	22,000	15,974	6,026	22,000	22,000	13,211	8,789
Insurance	8,500	8,500	2,991	5,509	6,000	9,000	7,690	1,310
Office Expense	7,000	7,000	7,227	(227)	5,000	5,000	5,822	(822)
Contract Services	8,500	8,500	2,346	6,154	9,500	9,500	8,403	1,097
Fuel and Mileage	10,000	10,000	5,949	4,051	10,000	10,000	7,081	2,919
Rent	-	-	-	-	-	-	-	-
Utilities	7,500	7,500	3,399	4,101	6,000	6,000	2,697	3,303
Miscellaneous	1,000	1,000	316	684	2,000	1,000	171	829
Total Expenditures	282,100	282,100	224,633	57,467	275,300	356,071	338,116	17,955
Excess Revenues over Expenditures	(45,000)	(45,000)	(9,467)	35,533	(51,572)	(61,305)	(34,234)	27,071
Fund Balance at Beginning of Year	45,000	45,000	119,478	74,478	51,572	61,305	153,712	92,407
Fund Balance at End of Year	$ -	$ -	$ 110,011	$ 110,011	$ -	$ -	$ 119,478	$ 119,478

See accompanying notes to financial statements.

VALLEY RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Entity

The District's financial statements include the accounts of all operations under the oversight authority of the Board. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on the foregoing criteria, no component units are included in the District's financial statements.

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. The District has only a General Fund.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each activity. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the district.

Fund Financial Statements:

Governmental funds are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. Under modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Available for purposes of revenue recognition is defined as sixty days. Revenue sources susceptible to accrual include property taxes and intergovernmental revenues. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include the accrual of payroll and related payroll liabilities.

Budgetary Data

The budget is legally enacted prior to October 1 in accordance with the Idaho Code following an analysis of the proposed expenditures and the means of financing them, and a public budget hearing held to obtain taxpayer comments. The budget is prepared on the modified accrual basis of accounting. The encumbrance method is not used by the District.

Capital Assets

The District’s assets are capitalized at historic cost or estimated historic costs. Contributed assets are recorded at fair market value when received. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets as follows: Improvements 20 years and Equipment 5-15 years.

Use of Estimates

The preparation of 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.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - CASH

Valley Recreation District has cash balances as as follows:

	2025	2024
First Federal - general checking	$ 4,451	$ 17,840
First Federal - business savings	31,900	12,147
First Federal - waterways	5,491	16,313
First Federal - certificate of deposit	78,874	98,465
	$ 120,717	$ 144,766

There are three categories of credit risk that apply to an entity's cash and investments:

1. Insured or registered or for which the securities are held by the District or the District's agent in the District's name.
2. Uninsured and unregistered for which the securities are held by the counter party's trust department or the District's agent in the District's name.
3. Uninsured and unregistered for which the securities are held by the counter party or by its trust department or agent but not in the District's name. This category also includes repurchase agreements with no underlying securities.

The District holds funds only in the first category, which are FDIC insured.

District policies relating to cash and investments are:

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.

Credit Risk – The District has no investment policy which would further limit its investment choices beyond those stated in the Idaho Code.

Concentration of Credit Risk – The District places no limit on the amount the Treasurer may invest in any one issuer.

Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, but as indicated above as of yearend, all balances were FDIC insured.

Funds in the waterways account are restricted to expenditures associated with District waterways.

NOTE 3 - TAXES RECEIVABLE

This account represents unremitted property tax revenues levied by the District and collected on their behalf by Jerome County.

Property taxes are levied in November of each year and recognized as revenue when the tax notices are printed. These tax notices indicate the time for collection and are due and payable in equal installments on December 20 and June 20 following the November levy date. If payment is not received upon the due date a 2% penalty is charged to the property and it is classified as past due subject to 12% interest.

Delinquent taxes not collected within 60 days following the close of the District's fiscal year (September 30), are recorded as unavailable revenue.

NOTE 4 – PROPERTY AND EQUIPMENT

Changes in fixed assets were as follows:

	Improvements	Equipment	Accumulated Depreciation	Net Book Value
Balance 9/30/23	$ 439,530	$ 130,475	$ (378,195)	$ 191,810
Additions				
pickleball courts	40,000	-	-	40,000
bleachers	25,500	-		25,500
improvements	16,693	-	-	16,693
Depreciation			(28,296)	(28,296)
Balance 9/30/24	**$ 521,723**	**$ 130,475**	**$ (406,491)**	**$ 245,707**
Additions				
pickleball courts	16,257	-	-	16,257
improvements	3,160	-	-	3,160
Depreciation			(31,331)	(31,331)
Balance 9/30/25	**$ 541,140**	**$ 130,475**	**$ (437,822)**	**$ 233,793**

NOTE 5 – CAPITAL LEASE

The District entered into a capital lease contract with John Deere Financial to finance a tractor mower. The interest rate is 0%. The lease was paid off May 2025. Payment amounts were/are due as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	5,910	-	5,910
2025	3,448	-	3,448
	$ 9,358	$ -	$ 9,358

NOTE 6 - PENSION PLAN

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72% for police and firefighters) of the employer rate. As of June 30, 2025, it was 7.18% (10.36%). The employer contribution rate is set by the Retirement Board and was 11.96% (13.48%) of covered compensation. The District's contributions were $6,571 and $5,993 for the years ended September 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the District's proportion was .0010538%

For the years ended September 30, 2025 and 2024, the District recognized pension expense (revenue) of $777 and $13,114, respectively . At September 30, 2025 and 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2025		
	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and acutal experience	$ 4,802	$ -
Changes in assumptions or other inputs	-	4,481
Net difference between projected and acutal earnings	-	6,551
Employer contributions subsequent to meaurement date	1,643	-
Total	$ 6,445	$ 11,032

2024		
	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and acutal experience	$ 7,260	$ -
Changes in assumptions or other inputs	1,806	-
Net difference between projected and acutal earnings	(828)	-
Employer contributions subsequent to meaurement date	1,498	-
Total	$ 9,736	$ -

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2025, the beginning of the measurement period ended June 30, 2025 is 4.6 and 4.6 years for the measurement period June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

2026	$ 4,358
2027	(4,259)
2028	(3,897)
2029	$ (2,432)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%
Cost-of-living adjustments	1.00%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Teachers - Males Pub-2010 Teacher Tables, increased 12%.
Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2025 is based on the results of an actuarial valuation date of July 1, 2025.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.55 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	1% decrease 5.55%	Current rate 6.55%	1% increase 7.55%
District's proportional share of net pension liability	$ 61,310	$ 25,482	$ (3,788)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE 7 – EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet presents balances that are current economic resources or liabilities of the funds, while the statement of net position presents all balances that make up the financial condition of the entire entity. The fund balance sheet reconciles to the statement of net assets as follows:

	2025	2024
Fund Balance	110,011	119,478
Capital Assets - net of accumulated depr	233,793	245,707
Pension related deferred outflows	6,445	9,736
Net Pension Liability	(25,482)	(45,599)
Compensated Absences	-	-
Capitalized lease contracts	-	(3,448)
Unavailable revenue	9,368	1,728
Pension related deferred inflows	(11,032)	-
Net differences	213,092	208,124
Total Net Assets	323,103	327,602

NOTE 8 – EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES

The statement of revenues, expenditures, and changes in fund balance account for revenues and expenditures on current economic resource basis, while the government wide statement of activities accounts for revenues and expenses on a full accrual basis. The statement of revenues, expenditures, and changes in fund balance reconciles to the statement of activities as follows:

	2025	2024
Excess Revenues over Expenditures - Fund Statement	(9,467)	(34,234)
Change in compensated absences	-	-
Change in pension related items	5,794	(7,486)
Depreciation	(31,331)	(28,296)
Captial Expenditures	19,417	82,193
Capital lease payments	3,448	6,402
Change in unavailable revenue	7,640	272
Excess Revenues over Expenditures - Stmt. of Activities	(4,499)	18,851

NOTE 9 - RISK MANAGEMENT

The District carries commercial insurance to cover worker's compensation, liability and property. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The District belongs to the risk management pool, ICRMP. This is an association of Public entities who insure together to reduce cost while limiting liability.

NOTE 10 – BUDGET TO ACTUAL COMPARISON

The District did not have any budget to modified accrual differences, therefore budget to actual differences are shown.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 18, 2025, the date the audited financial statements were available to be issued.

ROBINS WATERS HANSON CPAS PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Valley Recreation District
Hazelton, Idaho 83335

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, of Valley Recreation District, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Valley Recreation District's basic financial statements, and have issued our report thereon dated November 18, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valley Recreation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Valley Recreation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Recreation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robins Waters Hanson CPAs PLLC
Robins Waters Hanson CPAs PLLC
November 18, 2025

VALLEY RECREATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of net the pension liability	0.0010538%	0.0012190%	0.0011744%	0.0012257%	0.0012702%	0.0012778%	0.0012586%	0.0012887%	0.0012955%	0.0013659%
Employer's proportionate share of the net pension liability	$ 25,482	$ 45,599	$ 46,865	$ 48,276	$ (1,003)	$ 29,672	$ 14,367	$ 19,009	$ 20,363	$ 27,689
Employer's covered-employee payroll	$ 54,941	$ 52,983	$ 50,066	$ 48,466	$ 47,400	$ 47,059	$ 43,189	$ 41,870	$ 40,648	$ 40,575
Employer's proportionate share of the net pension liability as a % of covered payroll	46.4%	86.1%	93.6%	99.6%	-2.1%	63.1%	33.3%	45.4%	50.1%	68.2%
Plan fiduciary net position as a percentage of the total pension liability	90.9%	85.5%	83.8%	83.1%	100.4%	88.2%	93.8%	91.7%	90.7%	87.3%

Data reported in measured as of June 30, 2025

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 6,571	$ 5,993	$ 5,930	$ 5,835	$ 5,660	$ 5,619	$ 4,956	$ 4,739	$ 4,601	$ 4,593
Contributions in relation to the statutorily required contribution	$ 6,571	$ 5,993	$ 5,930	$ 5,835	$ 5,660	$ 5,619	$ 4,956	$ 4,739	$ 4,601	$ 4,593
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 54,941	$ 52,983	$ 50,466	$ 48,866	$ 47,400	$ 47,059	$ 43,189	$ 41,870	$ 40,648	$ 40,575
Contributions as a percentage of covered-employee payroll	12.0%	11.3%	11.8%	11.9%	11.9%	11.9%	11.5%	11.3%	11.3%	11.3%

Data reported is measured as of September 30, 2025