GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

Gunnison County, Colorado

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

DECEMBER 31, 2025

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FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gunnison County Metropolitan Recreation District
Gunnison County, Colorado

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of Gunnison County Metropolitan Recreation 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Gunnison County Metropolitan Recreation District as of December 31, 2025, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of my report. I am required to be independent of Gunnison County Metropolitan Recreation District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 District's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 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, I:

- 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 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 my judgment, 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.

I am 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 I 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 the budgetary comparison schedule for the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted management's discussion and analysis that 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. I have not performed any procedures with respect to this required supplementary information. My opinion on the basic financial statements is not affected by this missing information.

Scott Wright

Salida, Colorado
May 8, 2026

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 2,576,714
Receivables	2,457,769
Prepaid Items	22,885
Capital Assets, net of accumulated depreciation/amortization:	
Nondepreciable	68,000
Depreciable	584,115
Total Assets	5,709,483
LIABILITIES	
Accounts Payable	15,290
Accrued Liabilities	2,346
Noncurrent Liabilities:	
Due Within One Year	19,139
Due in More Than One Year	178,406
Total Liabilities	215,181
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	2,449,522
Total Deferred Inflows of Resources	2,449,522
NET POSITION	
Net Investment in Capital Assets	470,000
Restricted For:	
Emergencies	79,634
Purposes of Grantors	318,677
Capital Improvements	1,216,409
Unrestricted	960,060
Total Net Position	$ 3,044,780

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	$ 522,850	$ -	$ -	$ -	$ (522,850)
Public Works	234,461	-	-	-	(234,461)
Culture and Recreation	2,185,629	-	-	-	(2,185,629)
Special Item - TV Translator Decommissioning	108,497	-	-	-	(108,497)
Total Governmental Activities	$ 3,051,437	$ -	$ -	$ -	(3,051,437)
	General Revenues:				
	Property Taxes, Levied for General Purposes				2,403,498
	Specific Ownership Taxes				123,661
	Intergovernmental				101,251
	Investment Earnings				127,132
	Miscellaneous				168
	Total General Revenues				2,755,710
	Decrease in Net Position				(295,727)
	Net Position - Beginning of Year				3,340,507
	Net Position - End of Year				$ 3,044,780

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Conservation Trust Fund	North Subdistrict Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 1,044,731	$ 318,677	$ 1,213,306	$ 2,576,714
Receivables:				
- Property Taxes	1,102,151	-	1,355,618	2,457,769
Prepaid Items	22,885	-	-	22,885
Total Assets	$ 2,169,767	$ 318,677	$ 2,568,924	$ 5,057,368
LIABILITIES AND FUND BALANCES				
Accounts Payable	$ 13,740	$ -	$ 1,550	$ 15,290
Accrued Liabilities	2,346	-	-	2,346
Total Liabilities	16,086	-	1,550	17,636
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,098,557	-	1,350,965	2,449,522
Total Deferred Inflows of Resources	1,098,557	-	1,350,965	2,449,522
FUND BALANCES				
Nonspendable:				
Prepaid Items	22,885	-	-	22,885
Restricted For:				
TABOR Emergency Reserve	79,634	-	-	79,634
Conservation Trust Programs	-	318,677	-	318,677
North Subdistrict Programs	-	-	1,216,409	1,216,409
Unassigned	952,605	-	-	952,605
Total Fund Balances	1,055,124	318,677	1,216,409	2,590,210
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,169,767	$ 318,677	$ 2,568,924	$ 5,057,368

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2025

Total Governmental Fund Balances	$ 2,590,210
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital Assets	1,114,783
Accumulated Depreciation/Amortization	(462,668)
	652,115
Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
Right-to-Use Leased Asset Liabilities	(182,115)
Compensated Absences	(15,430)
	(197,545)
Net Position of Governmental Activities	$ 3,044,780

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Conservation Trust Fund	North Subdistrict Fund	Total
Revenues				
Taxes	$ 1,097,991	$ -	$ 1,429,168	$ 2,527,159
Intergovernmental:				
Lottery Proceeds	-	101,251	-	101,251
Investment Earnings	41,337	13,527	72,268	127,132
Miscellaneous	168	-	-	168
Total Revenues	1,139,496	114,778	1,501,436	2,755,710
Expenditures				
Current:				
General Government (Administration)	474,083	-	40,882	514,965
Public Works (TV Translator Operations)	175,081	11,086	-	186,167
Culture and Recreation	273,213	100,625	1,811,791	2,185,629
Special Item - TV Translator Decommissioning	108,497	-	-	108,497
Debt Service:				
Principal	3,355	-	-	3,355
Interest	5,168	-	-	5,168
Total Expenditures	1,039,397	111,711	1,852,673	3,003,781
Net Change in Fund Balances	100,099	3,067	(351,237)	(248,071)
Fund Balances, Beginning of Year	955,025	315,610	1,567,646	2,838,281
Fund Balances, End of Year	$ 1,055,124	$ 318,677	$ 1,216,409	$ 2,590,210

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ (248,071)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	-
Depreciation	(45,759)
	(45,759)
Repayment of lease principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Right-to-Use Lease Retirements	3,355
Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	
Change in Compensated Absences Payable.	(5,252)
Change in Net Position of Governmental Activities	$ (295,727)

The financial statements of the Gunnison County Metropolitan Recreation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Primary Government. The District was formed 1978. The District is a quasi-municipal corporation and is governed pursuant provisions of the Colorado Special District Act. The District was formed to provide television and FM translator services. The modification of the Service Plan in 2000 expanded the mission of the District to provide funding for park, recreation, and cultural services and facilities. In 2021, two sub-districts were formed within the District's service area; one encompasses the Crested Butte Fire Protection District (North Subdistrict), and the other comprised the remainder of the District's service area (South Subdistrict).

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by GASB Statements No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the District. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Fund financial statements report detailed information about the District with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds. The District has no proprietary or fiduciary funds. Individual governmental funds are reported as separate columns in the fund financial statements.

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

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is 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 (60 days). The major sources of revenue which are susceptible to accrual are property taxes and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual, and regulatory requirements.

The District reports the following major governmental funds:

- *General Fund* - This is the District’s primary operating fund. It is used to account for all activities of the District not required to be accounted for in some other fund.
- *Conservation Trust Fund* - This fund is used to account for lottery proceeds from the State of Colorado that are legally restricted to expenditures for park and recreation purposes.
- *North Subdistrict Fund* – This fund is used to account for expenditures from a 2-mill property tax levy approved by the voters in the District’s North Subdistrict in November 2022. Funds may only be expended on three recreation purposes as follows:
    - 30%-60% for capital construction or placed into capital reserves;
    - Support of local non-profit organizations that support recreation;

- 10%-40% to municipality, governmental agency, or local non-profit organizations to maintain the quality of recreation experiences or placed into capital reserves.

D. Budgets

Budgets are adopted by the District on a modified accrual basis which is consistent with GAAP. Expenditures may not legally exceed budgeted appropriations at the fund level. All annual appropriations lapse at calendar year-end.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

F. Capital Assets

Capital assets, which include land, buildings, right-to-use leased assets, and machinery and equipment are reported in the governmental activities column in the government-wide financial statements. The District's capital assets are recorded at cost if purchased or constructed. Donated assets are valued at the estimated fair value at the time of the donation. The District has a capitalization policy of $5,000. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Machinery and Equipment	5-20 years

The District has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

G. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District does not have any items that qualify.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for leave benefits that employees earn and are entitled to be paid for. The District provides paid time-off benefits to its employees in accordance with personnel policies. Employees earn leave based on hours of service, and it is accrued on a semi-monthly basis.

The District measures the compensated absences liability using the vesting method as prescribed in GASB 101, recognizing the liability as the benefits are earned and attributable to services already rendered. The liability for compensated absences is recorded as a long-term liability in the government-wide financial statements.

I. Fund Balances

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. These fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

J. Property Taxes

The District's Board of Directors levies property taxes. The levy is based on assessed valuations determined by the Gunnison and Saguache County Assessors generally as of January 1, of each year. The levy is normally set by December 15, by certification to the respective County Commissioners to place the tax lien on the individual properties as of January 1 of the following year. The respective County Treasurers collect the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer's election paid in equal installments, by February 28 and June 15, respectively. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

K. Net Position

Net position represents the residual of all other elements presented in the statement of net position which equals assets less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, including accounts, contract, and retainage payables. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District's capital assets as reflected in the Statement of Net Position.

Note 2. Legal Compliance - Budgets

No later than October 15, the District budget officer must submit a proposed budget to the Board of Directors for the upcoming calendar year. The budget presents a complete financial plan by fund. The budget must be described with explanatory schedules or statements classifying expenditures by object and revenues by source. Estimated beginning and ending fund balances must be shown along with three years of comparable data: the prior year's actuals, current year estimates, and appropriations and estimated revenues for the next calendar year. The District must adopt the budget before certifying its mill levies to the respective Counties by the statutory deadline of December 15. The Board of Directors must also enact a resolution to appropriate funds for the ensuing year.

The Board of Directors is authorized to transfer budgeted amounts between line items. The Board of Directors must approve any amendments that increase total expenditures in a supplemental appropriation. There was one supplemental budget amendment in 2025.

Note 3. Deposits and Investments

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	$ 2,576,114
Total	$ 2,576,114

Cash and investments as of December 31, 2025, consist of the following:

Deposits With Financial Institutions	$ 218,719
Deposits With Local Government Investment Pools	2,357,995
Total	$ 2,576,114

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA. The carrying amount of the District's demand deposits was $218,719 at year end.

Local Government Investment Pools

The Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust) was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, C.R.S.) to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings. The Trust is a professionally managed local government investment pool trust fund available only to governmental entities in Colorado. The Trust operates under the custodianship and oversight of a Board of Trustees comprised of participating local government officials and is not registered with the Securities and Exchange Commission (SEC). However, COLOTRUST operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. COLOTRUST is registered with the Securities Commissioner of the State of Colorado in accordance with the Local Government Investment Pool Trust Fund Administration and Enforcement Act (Part 9, Article 51, Title 11, C.R.S.).

The District participates in the Colotrust Prime portfolio, which may invest in U.S. Treasury securities, U.S government agency securities, bank deposits and repurchase agreements.' Prime maintains a stable net asset value (NAV) of $1.00 per share using fair value as defined by the Financial Accounting Standards Board (FASB) ASC 820 "Fair Value Measurement and Disclosure". Prime is rated AAAm by S&P Global Ratings. At December 31, 2025, the District had $2,397,9950 invested in Prime. These funds are available for withdrawal upon demand and are not subject to withdrawal restrictions or notice periods.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land	$ 68,000	$ -	$ -	$ 68,000
Total Capital Assets, Not Being Depreciated/Amortized	68,000	-	-	68,000
Capital Assets, Being Depreciated/Amortized:				
Buildings	383,118	-	-	383,118
Machinery and Equipment	806,002	-	(335,912)	470,090
Right-to-Use Assets	193,575	-	-	193,575
Total Capital Assets, Being Depreciated/Amortized	1,382,695	-	(335,912)	1,046,783
Less Accumulated Depreciation/Amortization:				
Buildings	(70,863)	(11,732)	-	(82,595)
Machinery and Equipment	(662,601)	(26,284)	335,912	(352,973)
Right-to-Use Assets	(19,357)	(7,743)	-	(27,100)
Total Accumulated Depreciation/Amortization	(752,821)	(45,759)	335,912	(462,668)
Total Capital Assets, Being Depreciated/Amortized, Net	629,874	(45,759)	-	584,115
Governmental Activities Capital Assets, Net	$ 697,874	$ (45,759)	$ -	$ 652,115

Depreciation/amortization expense was charged to the following functions of the District in the Statement of Activities for the year ended December 31, 2025:

Governmental Activities:	
General Government	$ 5,988
Public Works	39,771

Note 5. Leases

Operating Leases. The District is lessee for non-cancellable leases of various equipment. The district recognizes a lease liability and an intangible right-to-use lease asset. The District recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, then lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the following:

- Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental rate of borrowing.
- Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.
- Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments along with purchase options that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

During the year ended December 31, 2021, the District entered into a long-term site lease agreement as the lessee for the placement of District equipment on the lessor's tower. The lease was for an initial one-year term that automatically renews for an additional twenty-four years unless the District notifies the lessor in writing ninety days prior to the end of the current lease term. The initial rate was $650 per month and escalates by 3% annually after the first renewal. The lease has an imputed interest rate of 2.81%.

At December 31, 2025, the District recognized a lease liability of $182,115. The value of the right-to-use lease assets as of the end of the current fiscal year was $193,575 and had accumulated amortization of $27,100. Future principal and interest payments as of December 31, 2025, were as follows:

Year Ending December 31	Governmental Activities Principal	Interest
2026	$ 3,709	$ 5,070
2027	4,081	4,961
2028	4,472	4,841
2029	4,883	4,710
2030	5,313	4,568
2031-3035	33,789	20,242
2036-2040	48,094	14,545
2041-2045	66,020	6,595
2046	11,754	138
Total	$ 182,115	$ 65,670

Note 6. Changes in Long-term Obligations

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences Payable	$ 13,533	$ 1,897	$ -	$ 15,430	$ 15,430
Lease Liabilities	185,470	-	3,355	182,115	3,709
Total Long-term Liabilities	$ 199,003	$ 1,897	$ 3,355	$ 197,545	$ 19,139

Note 7. Retirement Plans

The District participates in retirement plans administered by the Colorado Retirement Association, which provide access to a defined contribution money purchase pension plan under Section 401(a) of the Internal Revenue Code and a deferred compensation plan under Section 457(b) of the Internal Revenue Code.

401(a) Money Purchase Pension Plan

The District has adopted a money purchase pension plan qualified under Section 401(a) of the Internal Revenue Code (the “401(a) Plan”). The 401(a) Plan is a defined contribution pension plan available to eligible employees of the District. The Colorado Retirement Association administers the Plan.

Under the Plan, the District contributes 5% of eligible employees’ compensation. Employees are required to contribute 3% to the Plan. District contributions are immediately vested.

For the year ended December 31, 2025, the District contributed $11,865 to the 401(a) Plan and employee contributions totaled $7,119.

Individual participants direct plan investments, and the District has no fiduciary responsibility for the investment performance of Plan assets. The District's obligation to contribute to the Plan is established by resolution of the Board of Directors and may be amended by the Board.

457 Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Section 457(b) of the Internal Revenue Code. The 457(b) Plan permits employees to defer a portion of their salary until future years. Participation in the Plan is optional.

The Colorado Retirement Association administers the deferred compensation plan. Deposits into the 457(b) plan are not subject to state or federal income taxes at the time of deposit, and earnings on these deposits are deferred until withdrawn. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of Plan participants and their beneficiaries.

The District does not make employer contributions to the 457(b) Plan.

Note 8. Intergovernmental Agreements

The District has entered into Intergovernmental Agreements (IGAs) with the City of Gunnison, and the Towns of Crested Butte, Mt. Crested Butte, and Pitkin (City and Towns) regarding the distribution and expenditure of Conservation Trust Fund (CTF) revenues received from the State of Colorado. The agreement was originally executed on October 15, 2001, and subsequently amended on March 25, 2013.

Pursuant to the IGAs, the District is required to distribute one-half of the Conservation Trust Fund revenues received by the District, allocated in proportion to each entity's population as determined under State Conservation Trust Fund guidelines. The funds are restricted for the acquisition, development, and maintenance of new conservation sites and recreational facilities in accordance with Section 29-21-101, et seq., C.R.S., and related State regulations.

Under the IGAs, the City and Towns must annually submit a request for reimbursement identifying qualifying joint projects and certifying compliance with Conservation Trust Fund requirements. Amounts not timely requested may be forfeited in accordance with the terms of the IGAs. In the event the City or Towns become ineligible to receive Conservation Trust Funds from the State of

Colorado, the District is no longer obligated to distribute such funds under the agreement, and any improperly distributed amounts are subject to repayment.

For the year ended December 31, 2025, the District distributed $50,625 pursuant to these agreements.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is participant in the Colorado Special Districts and Liability Pool (Pool) which is sponsored by the Special District Association of Colorado. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the Pool. Settled claims for the Pool resulting from these risks have not exceeded amounts recoverable from reinsurance contracts and funds accumulated by the Pool in any of the past three years. There have been no significant reductions in insurance coverage from the prior year in any of the major categories of risk.

Note 10. Commitments and Contingencies

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

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

At the regular election held on November 6, 2018, the eligible electors of the District approved a ballot question authorizing the District to increase its mill levy from 0.873 mills to 1.000 mills beginning with taxes levied in 2018 for collection in 2019. The ballot issue further authorized the District to collect, retain, and spend the revenues generated from such mill levy increase as a voter-approved revenue change without regard to the limitations contained in TABOR.

Further, at the regular election held on November 1, 2022, the eligible electors of the North Subdistrict approved a ballot question authorizing the District to increase its mill levy within the North Subdistrict from 1.000 mills to 3.000 mills beginning with taxes levied in 2022 for collection in 2023. The ballot issue further authorized the District to collect, retain, and spend the revenues generated from such mill levy increase as a voter-approved revenue change without regard to the limitations contained in TABOR.

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 District has established an emergency reserve for the year ended December 31, 2025, in the amount of $79,634.

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

Note 11. Special Item – TV Translator Decommissioning

During the year ended December 31, 2025, the District approved the decommissioning of its television translator operations due to declining usage, increased maintenance costs, and changes in service delivery alternatives available to residents. As a result, the financial statements include a special item related to the decommissioning of the translator operations.

The District recognized expenditures/expenses related to the decommissioning totaling $108,497 during the current year. These costs are reported as a special item in the accompanying financial statements due to the unusual and infrequent nature of the transaction.

In the government-wide financial statements, the District removed the translator assets and related accumulated depreciation from its capital asset records. Because these assets were fully depreciated, there was no loss on disposition of capital assets.

Note 12. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 8, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 105, Subsequent Events

Management has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance With Final Budget - Over (Under)	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget - Over (Under)
	Original	Final	Original Budget	Basis	Actual Amounts
Budgetary Revenues					
Taxes:					
General Property Tax	$ 1,045,333	$ 1,045,333	$ -	$ 1,043,604	$ (1,729)
Specific Ownership Tax	54,000	54,000	-	54,387	387
Investment Earnings	40,000	40,000	-	41,337	1,337
Rental Income	2,000	2,000	-	-	(2,000)
Miscellaneous	-	-	-	168	168
Total Budgetary Revenues	1,141,333	1,141,333	-	1,139,496	(1,837)
Budgetary Expenditures					
General Government (Administrative):					
Personnel Services	199,400	199,400	-	274,062	74,662
Insurance	7,400	7,400	-	10,175	2,775
Professional Fees	57,600	57,600	-	80,201	22,601
Office Expenses	20,400	20,400	-	29,481	9,081
County Treasurer Fees	31,360	31,360	-	31,374	14
Advertising and Marketing	50,000	50,000	-	18,188	(31,812)
Utilities	8,000	8,000	-	5,138	(2,862)
Elections	10,000	10,000	-	12,450	2,450
Other Administrative Costs	17,000	17,000	-	13,014	(3,986)
Public Works (TV Translator Operations):					
Contract Labor	115,000	115,000	-	80,616	(34,384)
Site Leases	36,477	36,477	-	42,588	6,111
Subscriber Fees	28,000	28,000	-	27,016	(984)
Property Insurance	12,000	12,000	-	6,683	(5,317)
Translator Site Utilities	17,000	17,000	-	13,579	(3,421)
Other Operational Costs	26,500	26,500	-	4,599	(21,901)
Culture and Recreation:					
Grant Funding	440,000	440,000	-	273,213	(166,787)
Special Item - TV Translator Decommissioning	5,000	5,000	-	108,497	103,497
Debt Service:					
Lease Principal	3,355	3,355	-	3,355	-
Lease Interest	5,168	5,168	-	5,168	-
TABOR Emergency Reserve	34,240	34,240	-	-	(34,240)
Total Budgetary Expenditures and Reserves	1,123,900	1,123,900	-	1,039,397	(84,503)
Net Change in Fund Balances	17,433	17,433	-	100,099	82,666
Budgetary Fund Balances, Beginning of Year	1,044,357	1,044,357	-	955,025	(89,332)
Budgetary Fund Balances, End of year	$ 1,061,790	$ 1,061,790	$ -	$ 1,055,124	$ (6,666)

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

CONSERVATION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance With Final Budget - Over (Under)	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget - Over (Under)
	Original	Final	Original Budget	Basis	Actual Amounts
Budgetary Revenues					
Intergovernmental:					
Lottery Proceeds	$ 100,000	$ 100,000	$ -	$ 101,251	$ 1,251
Investment Earnings	12,000	12,000	-	13,527	1,527
Total Budgetary Revenues	112,000	112,000	-	114,778	2,778
Budgetary Expenditures					
Public Works (TV Translator Operations):					
Other Operational Costs	139,000	139,000	-	11,086	(127,914)
Culture and Recreation:					
Grant Funding	50,000	50,000	-	100,625	50,625
Total Budgetary Expenditures and Reserves	189,000	189,000	-	111,711	(77,289)
Net Change in Fund Balances	(77,000)	(77,000)	-	3,067	80,067
Budgetary Fund Balances, Beginning of Year	364,196	364,196	-	315,610	(48,586)
Budgetary Fund Balances, End of year	$ 287,196	$ 287,196	$ -	$ 318,677	$ 31,481

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

NORTH SUBDISTRICT FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance With Final Budget - Over (Under)	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget - Over (Under)
	Original	Final	Original Budget	Basis	Actual Amounts
Budgetary Revenues					
Taxes:					
General Property Tax	$ 1,322,581	$ 1,322,581	$ -	$ 1,359,894	$ 37,313
Specific Ownership Tax	72,000	72,000	-	69,274	(2,726)
Investment Earnings	76,000	76,000	-	72,268	(3,732)
Total Budgetary Revenues	1,470,581	1,470,581	-	1,501,436	30,855
Budgetary Expenditures					
General Government (Administrative):					
County Treasurer Fees	39,707	39,707	-	40,882	1,175
Culture and Recreation:					
Grant Funding	1,354,874	1,816,176	461,302	1,811,791	(4,385)
TABOR Emergency Reserve	44,117	44,117	-	-	(44,117)
Total Budgetary Expenditures and Reserves	1,438,698	1,900,000	461,302	1,852,673	(47,327)
Net Change in Fund Balances	31,883	(429,419)	(461,302)	(351,237)	78,182
Budgetary Fund Balances, Beginning of Year	1,932,874	1,567,646	(365,228)	1,567,646	-
Budgetary Fund Balances, End of year	$ 1,964,757	$ 1,138,227	$ (826,530)	$ 1,216,409	$ 78,182

Budgetary Information
The District follows the requirements of the Colorado Local Government Budget Law in establishing the budgetary data reflected in the financial statements. The District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate funds for the ensuing year. The appropriation resolution is adopted at the fund level and lapses at year-end.

The budget is prepared on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America ("GAAP") for all governmental funds. The District reports the following governmental funds as major funds for budgetary presentation purposes:

- General Fund
- Conservation Trust Fund
- North Subdistrict Fund

Budget Amendments
In accordance with State law, the District may amend the budget during the year if anticipated expenditures are expected to exceed appropriations. During the year, there was one amendment to the North Subdistrict Fund budget that reduced estimated beginning fund balances by $365,228 and increased appropriations by $461,302.

Explanation of Variances – Original Budget to Final Budget
In the General Fund and Conservation Trust Fund, there were no differences between the original and final budgets for the year ended December 31, 2025. In the North Subdistrict Fund estimated beginning fund balances were reduced by $365,228 to recognize a lower actual ending fund balance from the prior year and appropriations were increased by $461,302 to reflect higher than anticipated grant funding.

Explanation of Variances – Final Budget to Actual
In the General Fund, personnel services exceeded the budget by $74,662 due to the hiring of an additional employee that was not included in the original budget. Professional fees exceed the budget due to unanticipated legal costs related to the special item discussed below. Overall, total expenditures were $84,503 less than appropriations. In the Conservation Fund, total expenditures were $77,289 less than appropriations. In the North Subdistrict Fund, total expenditures were $47,327 less than final budgeted appropriations.

Special Item – TV Translator Decommissioning
During the year ended December 31, 2025, the District approved the decommissioning of its television translator operations due to declining usage, increased maintenance costs, and changes in service delivery alternatives available to residents. As a result, the financial statements include a

special item related to the discontinuation of the translator operations. The cost of this special item exceeded the budget line item by 103,497. As discussed above, the budget was not amended due to an offsetting budgetary saving in grant funding of $166,787.

TABOR Emergency Reserve
Under the Colorado Taxpayer's Bill of Rights, the District is required to maintain an emergency reserve equal to 3% of fiscal year spending, excluding bonded debt service. The emergency reserve is included in the annual budget under Total Budgetary Expenditures and Reserves, but the reserve is not available for general spending.