MOUNTAIN RECREATION METROPOLITAN DISTRICT
FOR THE YEAR ENDED
DECEMBER 31, 2025

Board of Directors

Tom Edwards - President
Tom Pohl - Vice President
Joanna Kerwin – Secretary/ Treasurer
Jerry Santoro – Assistant Secretary/ Treasurer
Mark Weinreich - Director

Administrative Staff

Ture Nycum – Executive Director
Karen Murphy – Finance Manager

Mountain Recreation
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

Table of Contents

Officers and Directors
Mountain Recreation Metropolitan District
Edwards, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mountain Recreation Metropolitan District as of December 31, 2025 and the respective 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

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

Responsibilities of Management for the Financial Statements

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 Mountain Recreation Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism through 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 Mountain Recreation Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Recreation Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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 budgetary comparison information, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Recreation Metropolitan District's basic financial statements. The Supplementary Information, which are listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Hood, P.C.

HOOD, P.C.
Glenwood Springs, Colorado
June 22, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Management and Discussion and Analysis

Established in 1980, the Mountain Recreation Metropolitan District, (the "District") has continually strived to provide the communities of Eagle County with a wide variety of quality, affordable recreational activities and facilities. The District's boundaries encompass an estimated area of 840 square miles in Eagle County, Colorado including the communities of Eagle, Edwards, Gypsum, Bond, McCoy, Cordillera, Lake Creek and Wolcott.

The Management's Discussion and Analysis of the Mountain Recreation Metropolitan District's financial performance provides an overview of the District's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2025 are as follows:

- The mill levy assessed by the District is 3.650 mills. These levies are assessed on all taxable properties within the District boundaries located in Eagle County.

- The District's *overall* net position increased $768,325, or 4% from the previous fiscal year.

- General Revenues accounted for $5,216,579 or 58% of all revenues. These general revenues include taxes, grants, interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services, operating and capital grants and contributions, were $3,789,676 of 42% of the District's total revenues of $9,006,255.

- The District had $8,237,930 of expenses. Of these expenses $3,789,676 were offset by program specific revenues. General Revenues (primarily property taxes) were adequate to provide for the remaining expenses, including depreciation of capital assets.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements,* and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to that used by most private sector companies, taking into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District.

The statement of net position and statement of activities report the District's *net position* and changes therein. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws, statutorily required reserves, facility conditions, frequency of fires within the District and other factors. In the statement of net position and the statement of activities, the Districts operations are reported as a "Governmental Activity." Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District's programs and services are currently reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District's major governmental funds include the General Fund and Conservation Trust Fund. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental Funds

The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements. The District maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund – used to account for funds for the acquisition of lands, construction of major capital improvements and projects, and acquisition equipment.

Conservation Trust Fund – used to account for funds received and restricted as to use in acquisition, development and maintenance of conservation sites pursuant to Colorado Revised Statutes. The fund has been designated by management to be used for all outdoor facility maintenance and operational expenses, as an approved conservation expenditure.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	Governmental Activities		
	2025	**2024**	**Increase (Decrease)**
Assets:			
Current and Other Assets	$ 12,741,064	$ 11,805,291	$ 935,773
Capital Assets, Net	13,733,387	13,250,490	482,897
Total Assets	26,474,451	25,055,781	1,418,670
Liabilities:			
Current & Other Liabilities	698,242	475,958	222,284
Total Liabilities	698,242	475,958	222,284
Deferred Inflows of Resources			
Property Taxes	4,996,484	4,653,658	342,826
Related to Leases	156,509	71,274	85,235
Total Deferred Inflows	5,152,993	4,724,932	428,061
Net Position:			
Invested in Capital Assets, Net of Related Debt	13,733,387	13,250,490	482,897
Restricted - Conservation Trust	13,946	13,946	-
Restricted - Emergencies	251,000	257,000	(6,000)
Commited for Capital Projects	1,963,375	2,205,497	(242,122)
Unrestricted	4,661,508	4,127,958	533,550
Total Net Position	$ 20,623,216	$ 19,854,891	$ 768,325

The District's current assets increased from the prior year. The District's cash and equivalents and other current assets increased $935,773. Increases occurred in cash reserves as well as property taxes receivable, taxes assessed in 2025 to be collected in 2026.

Increases in Capital Assets were the result of current year additions exceeding current year depreciation. Notable asset additions include construction progress costs for a joint project with the Town of Eagle to construct a new pool facility in Eagle, Colorado and a major renovation of the Edwards fieldhouse.

The increase in deferred inflows of resources, which consists of property taxes to be collected in 2026, reflects changes in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide recreation programs and service during the next fiscal year.

The net position of the District improved over the past fiscal year. This is primarily due to the surplus generated by revenues exceeding expenditures. The restricted portion of District's net position reflects statutorily required Emergency Reserves *(see Note 11)*.

THE DISTRICT AS A WHOLE – continued

Statement of Activities

The perspective of the Statement of Activities is also of the District as a whole. The statement of activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting those costs. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net position for the current fiscal year:

	Governmental Activities		
	2025	2024	Increase (Decrease)
Revenues:			
Program Revenues:			
Eagle Pool/Ice Rink	$ 871,494	$ 525,006	$ 346,488
Gypsum Recreation Center	1,671,158	1,684,627	(13,469)
Edwards Field House	614,017	698,888	(84,871)
Outdoor Recreation Programs	356,742	351,927	4,815
Operating Grants & Contributions	158,212	159,352	(1,140)
Capital Grants & Contributions	118,053	140,988	(22,935)
Total Program Revenues	3,789,676	3,560,788	228,888
General Revenues and Transfers:			
Property Taxes	4,625,992	4,650,493	(24,501)
Specific Ownership Taxes	231,063	217,696	13,367
Investment & Other Income	351,211	451,672	(100,461)
Miscellaneous	8,313	33,465	(25,152)
Total General Revenues and Transfers	5,216,579	5,353,326	(136,747)
Total Revenues	9,006,255	8,914,114	92,141
Expenses			
Administration	2,007,432	1,791,548	215,884
Eagle Pool/Ice Rink	1,571,663	1,017,308	554,355
Gypsum Recreation Center	1,992,507	1,965,238	27,269
Edwards Field house	1,558,537	1,187,032	371,505
Outdoor Recreation	1,107,791	986,231	121,560
Total Expenses	8,237,930	6,947,357	1,290,573
Increase (Decrease) in Net Position	$ 768,325	$ 1,966,757	$(1,198,432)

The District's revenues include property taxes assessed in the prior year and collected in the current year to support general operations. The District's program expenses consist of operational expenses and depreciation expense on capital assets. Current year operating grants and contributions consist of Conservation Trust lottery monies received. Overall net position increased $768,325 from the prior fiscal year.

Overall District expenditures exceeded the prior as the result of a district wide increase in wages and compensation. In addition, utilities cost and general maintenance at the specific facilities increased. Outdoor recreation increases included associated costs of administering programs not directly associated with a facility. These costs include maintenance of the Eagle Sports Complex, Freedom Park and McCoy Field.

THE DISTRICT AS A WHOLE – continued

As indicated above, the statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services, and the remaining net cost of program services which are supported by taxes and other general revenues:

	Total Cost of Service		Net Cost of Service	
	2025	2024	2025	2024
Administration	$ 2,007,432	$ 1,791,548	$ 2,007,432	$ 1,791,548
Eagle Pool/Ice Rink	1,571,663	1,017,308	700,169	492,302
Gypsum Recreation Center	1,992,507	1,965,238	321,349	280,611
Edwards Field house	1,558,537	1,187,032	944,520	488,144
Outdoor Recreation	1,107,791	986,231	474,784	333,964
Total Expenses	$ 8,237,930	$ 6,947,357	$ 4,448,254	$ 3,386,569

For all programs provided by the District, the dependence on taxes and other general revenues is apparent. For 2025 and 2024 approximately 54% and 49% of program services were supported through taxes and other general revenues. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. As discussed above, for financial reporting purposes the District's General Fund and Conservation Trust Fund are considered governmental funds and are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased $587,354 from $4,484,978 to $5,072,332 during the current fiscal year. This represents the excess of current period revenues (financial uses) over current period expenses (financial resources). The ending fund balance of $5,072,332 is the amount of net resources available for future spending. Most financial resources are from property and specific ownership taxes, as well as program fees. The majority of expenses are directly related to providing recreation programs and maintenance of recreation facilities.

The Capital Projects ending fund balance decreased $242,122 from $2,205,497 to $1,963,375 during the current fiscal year. This represents the excess of current period expenses (financial resources) over current period revenues (financial uses). The ending fund balance of $1,963,375 is the amount of net resources available for future Capital type projects and expenditures.

The Conservation Trust Fund ending fund balance remained unchanged at $13,946. The ending fund balance of $13,946 is the amount of net resources available for future Conservation Trust purposes.

The District, pursuant to the TABOR Amendment, reserves funds for emergencies. As discussed in the notes of the financial statements, the District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves were not used, the funds are carried into the next year's operational funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1 (D)* of the financial statements. The Board of Directors and management strive to budget appropriate amounts for each line item. This year's budget variations are not expected to have a significant effect on future services or liquidity.

General Fund Resources (Inflows)
The District's general fund final budgetary revenues and other financing sources in the amount of $8,721,489 exceeded budgeted expectations of $8,449,357 by $272,132, or approximately 3%. Positive variances occurred for the Gypsum Recreation Center. General property and specific ownership taxes on motorized vehicles along with investment earnings aided in providing and expanding recreation opportunities to the District's citizens. It is not anticipated that these variances will have a significant impact on future services.

General Fund Charges to Appropriations (Outflows)
The District's general fund final budgetary expenditures and other financing uses in the amount of $8,134,135 were $1,361,311 less than the final appropriated expenditures of $9,495,446. Savings occurred for the majority of budgeted departments, except for the Gypsum Recreation Center and Eagle Pool & Ice Rink where wages and contracted services related to expanded pool operations were more than expected. Overall, expenditures were 14% less than anticipated.

General Fund Unappropriated Fund Balance
The General Fund ending fund balance carryover to fiscal year 2025 is $5,072,332.

CAPITAL ASSETS

At the end of 2025, the District had a total of $13,733,387 invested in capital assets of governmental activities. The following reflects the balances at the current and prior fiscal year-end:

	Capital Assets Net of Accumulated Depreciation	
Category	2025	2024
Edwards Field House & Equipment	$ 5,214,704	$ 3,384,649
Pool/Ice Rink & Equipment	3,533,502	3,737,425
Outdoor Recreation Equipment	3,530,126	3,613,179
Gypsum Recreation center Equip.	126,120	88,997
Administration	184,921	176,240
Construction In Process	1,144,014	2,250,000
Total Net Capital Assets	$ 13,733,387	$ 13,250,490

DEBT ADMINISTRATION

The District has no outstanding debt other than accrued compensated absences of $160,193.

ECONOMIC CONDITIONS AND OUTLOOK

In 2026 the District will continue its policy of providing extensive recreation services for the residents within the District's boundaries consistent with available resources, as well as operations of the Gypsum Recreation Center, the Eagle Pool and Ice Rink facilities and the Edwards Field House. The District provides opportunities for its constituents to partake in a variety of recreational activities including sports as swimming, soccer, ice hockey, tennis, gymnastics, lacrosse, volleyball, basketball, pickleball and football, as well as a wide-reaching menu of health and wellness, outdoor recreation, and licensed school age childcare programs and services. The District's 2025 budget strategy is to levy an operating mill levy to cover the shortfall in fees collected compared to the general operating costs (including capital replacement expenditures) of the District. For the purpose of meeting all general operating expenses of the District during the next budget year, the District has levied a tax of 3.650 mills upon the total 2025 assessed valuation of taxable property within the District.

The District has appropriated $9,587,793 General Fund, $1,380,450 Capital Projects Fund and $1,303,180 Conservation fund for spending in the 2026 fiscal year. Expenditures are expected to exceed revenue, the net impact of which is a decrease in fund balance during 2026 of $536,690. The 2026 overall ending fund balance is budgeted to be $6,193,175.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Mountain Recreation Metropolitan District - Administration Office
PO Box 1891
Edwards, CO 81632
Phone: (970) 688-7328

GOVERNMENT – WIDE FINANCIAL STATEMENTS

Mountain Recreation District
STATEMENT OF NET POSTION
For the Year Ended December 31, 2025

	Primary Governmental Activities
Current Assets	
Cash and Cash Equivalents	$ 6,914,149
Receivables:	
Accounts Receivable	48,227
Cash With County Treasurer	21,385
Other Intergovernmental	416,683
Property Taxes	4,996,484
Lease Receivable (NPV)	163,939
Other Receivables	47,827
Prepaid Expenses	131,435
Capital Assets, Net of Accumulated Depreciation	13,733,387
Right to Use Lease Assets, Net of Amortization	935
Total Assets	26,474,451
Liabilities:	
Current Liabilities:	
Accounts Payable	264,931
Accrued Wages & Related Liabilities	93,432
Other Liabilities	4,001
Unearned Revenue	175,117
Lease Obligations (NPV)	568
Accrued Vacation and Comp Time	160,193
Total Liabilities	698,242
Deferred Inflows of Resources:	
From Property Taxes	4,996,484
Related to Leases	156,509
Total Deferred Inflows	5,152,993
Net Position	
Invested in Capital Assets, Net of Related Debt	13,733,387
Restricted for Conservation Trust	13,946
Restricted for Emergency	251,000
Committed for Capital Projects	1,963,375
Unrestricted/Unassigned	4,661,508
Total Net Position	$ 20,623,216

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

Mountain Recreation District
STATEMENT OFACTIVITIES
For the Year Ended December 31, 2025

	Primary Government				
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
Administration	$ 2,007,432	$ -	$ -	$ -	$ (2,007,432)
Eagle Pool & Ice Rink	1,571,663	871,494	-	-	(700,169)
Gypsum Recreation Center	1,992,507	1,671,158	-	-	(321,349)
Edwards Field House	1,558,537	614,017	-	-	(944,520)
Community Recreation	1,107,791	356,742	158,212	118,053	(474,784)
Total Governmental Activities	$ 8,237,930	$ 3,513,411	$ 158,212	$ 118,053	$ (4,448,254)

GENERAL REVENUES:	
Taxes:	
Property Taxes, Levied for General Purposes	4,625,992
Specific Ownership Taxes, for General Purposes	231,063
Delinquent Interest Taxes	9,154
Net Investment Income	342,057
Miscellaneous Income	8,313
Total General Revenues	5,216,579
Change in Net Position	768,325
NET POSITION - BEGINNING OF YEAR	19,854,891
NET POSITION - END OF YEAR	$ 20,623,216

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

FUND FINANCIAL STATEMENTS

Mountain Recreation District
BALANCE SHEET
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Special Revenue - Conservation Trust Fund	Total Governmental Funds
ASSETS:				
Cash and Investments	$ 4,936,828	$ 1,963,375	$ 13,946	$ 6,914,149
Receivables – Net:				
Accounts Receivable	48,227	-	-	48,227
Cash With County Treasurer	21,385	-	-	21,385
Other Intergovernmental	416,683	-	-	416,683
Property Taxes	4,996,484	-	-	4,996,484
Lease Receivable (NPV)	163,939	-	-	163,939
Other Receivables	47,827	-	-	47,827
Prepaid Expenses	131,435	-	-	131,435
Total Assets	10,762,808	1,963,375	13,946	12,740,129
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	264,933	-	-	264,933
Accrued Wages & Related Liabilities	93,432	-	-	93,432
Unearned Revenue	175,117	-	-	175,117
Other	4,001	-	-	4,001
Total Liabilities	537,483	-	-	537,483
Deferred Inflows of Resources:				
Unavailable Revenues:				
From Property Taxes	156,509	-	-	156,509
Related to Leases	4,996,484	-	-	4,996,484
Total Deferred Inflows	5,152,993	-	-	5,152,993
Fund Balances:				
Restricted for –				
Conservation Trust	-	-	13,946	13,946
Emergency Reserves	251,000	-	-	251,000
Commited for Capital Projects		1,963,375		1,963,375
Unrestricted/Unassigned	4,821,332	-	-	4,821,332
Total Fund Balance	5,072,332	1,963,375	13,946	7,049,653
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,762,808	$ 1,963,375	$ 13,946	$ 12,740,129

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

Mountain Recreation District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2025

TOTAL GOVERNMENTAL FUND BALANCES		$ 7,049,653
Amounts reported for governmental activities on the statement of net position is different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Governmental Capital Assets	22,713,848	
Less Accumulated Depreciation	(8,980,459)	13,733,389
Right-of-use (ROU) Lease Asset used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Lease Assets	49,737	
Less Accumumlated Amortization	(48,802)	935
Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:		
Accrued Compensated Absences	(160,193)	
Present Value of Lease Obligations	(568)	(160,761)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 20,623,216

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

Mountain Recreation District
STATEMENT OF REVENUES, EXPENDITURES AND CHANAGES IN FUND BALANCE
GOVERNMENTAL FUNDS
December 31, 2025

	General Funds	Capital Projects Fund	Special Revenue Fund Conservation Trust Fund	Total Governmental Funds
Revenues:				
Property Taxes	$ 4,625,992	$ -	$ -	$ 4,625,992
Specific Ownership Tax	231,063	-	-	231,063
Taxes - Delinquent Interest	9,154	-	-	9,154
Eagle Pool & Ice Rink	871,494	-	-	871,494
Gypsum Recreation Center	1,671,158	-	-	1,671,158
Edwards Field House	614,017	-	-	614,017
Outdoor Recreation	238,588	-	118,154	356,742
State Lottery Funds	-	-	158,212	158,212
Investment Earnings - net	342,057	-	-	342,057
Capital Sponsorship	109,653	-	8,400	118,053
Miscellaneous	8,313	-	-	8,313
Total Revenues	8,721,489	-	284,766	9,006,255
Expenditures:				
Administration	1,864,315	-	-	1,864,315
Eagle Pool & Ice Rink Operations	1,356,878	-	-	1,356,878
Gypsum Recreation Center	1,904,131	-	-	1,904,131
Edwards Field House	952,858	-	-	952,858
Outdoor Recreation	374,296	-	466,423	840,719
Capital Outlay	-	1,742,122	-	1,742,122
Total Expenditures	6,452,478	1,742,122	466,423	8,661,023
Excess Revenues Over (Under) Expenditures	2,269,011	(1,742,122)	(181,657)	345,232
Other Financing Sources and (Uses):				
Transfers (to) Other Funds	(1,681,657)	-	-	(1,681,657)
Transfers from Other Funds	-	1,500,000	181,657	1,681,657
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	587,354	(242,122)	-	345,232
Fund Balances – Beginning	4,484,978	2,205,497	13,946	6,704,421
Fund Balances – Ending	$ 5,072,332	$ 1,963,375	$ 13,946	$ 7,049,653

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

Mountain Recreation District
RECONCILIATION OF 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		
Amounts reported for governmental activities on the Statement of Activities are different because of the following:		$ 345,232
The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year		(4,223)
Governmental Funds report capital outlays as expenditures and contributed infrastructure is not recorded; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which fixed asset additions exceeded depreciation.		
Capital Outlay	1,352,580	
Depreciation	(865,458)	487,122
Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the change in total accrued leave this year.		(60,055)
Some expenses reported in the Statement of Activities do not require current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Present Value ROU Lease Asset/Liabilities		249
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 768,325

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mountain Recreation Metropolitan District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Mountain Recreation Metropolitan District (the "District"), a political subdivision of the State of Colorado, was formed in 1980 for the purpose of providing recreational facilities for the residents and taxpayers of Eagle County.

The District is governed by an elected Board of Directors which is responsible for setting policy, appointing personnel and adopting an annual budget in accordance with state statutes. The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. 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 program or function of the District's governmental activities.

In the statement of activities, 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. 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.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

B. Basis of Presentation - *continued*

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined as follows:

Governmental Funds

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund - used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to statutory laws.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of fixed assets or construction of major capital projects (other than those financed by the General or other funds).

Conservation Trust Fund –used to account for proceeds of special revenue sources (lottery proceeds) that are legally restricted to expenditures for conservation purposes (park and recreation improvements). The fund has been designated by management to be used for all outdoor facility maintenance and operational expenses, as an approved conservation expenditure. Shortfalls will be supported by the General Fund.

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

C. Basis of Accounting - *continued*

FUND FINANCIAL STATEMENTS
Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Property Taxes Receivable and Deferred Inflows

Property taxes are levied on December 15th, and attach as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Eagle County and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflow.

The District also reports long-term lease revenue as a deferred inflow, revenue is recognized as an inflow of resources in the period that the amount become available and earned.

E. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.

2. Public hearings are held to obtain taxpayer comments.

3. Prior to December 15, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy to the Board of County Commissioners.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting – *continued*

4. On or before December 31, the Board adopts an annual appropriating resolution in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

5. The District's budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.

6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.

7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.

8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds for 2025.

The budget for the Governmental Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Cash and Investments

The District's policy in determining which items are treated as cash equivalents on the statement of cash flows in the Proprietary Funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. *(See other required disclosures for cash and investments in Note 2.)*

G. Net Position / Fund Balance –

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

G. Net Position / Fund Balance – *continued*

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental funds, fund balances are classified as follows:

Non-Spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes.

Emergency Reserves – As discussed in *Note 11*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

H. Capital and Right-of-Use Assets - Depreciation and Amortization

All capital assets purchased or acquired with an original cost in excess of the capitalization threshold $5,000 set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment & Furniture	5-20 years
Infrastructure	20-50 years

The District also reports leased assets at the Net Present Value of future payments and amortizes leased assets over the lessor of the lease term or the useful life.

I. Vacation, Sick Leave and Other Compensated Absences

The District's policy is to permit full-time, non-temporary personnel to accumulate a limited amount of earned but unused vacation leave which may be paid upon separation from District service. In accordance with this criterion, the District has accrued a liability for compensated absences which is reflected in long-term obligations in the government-wide statement of net position. For governmental funds, the liability for compensated absences is not reflected since it is anticipated that none of the liability will be liquidated with expendable available current financial resources.

J. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

L. Fair Value Measurement/ Investment Valuation

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2025, the District investments in CSIP were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

M. Prepaid Expenses

Payments that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

N. Leases

Lessee - The District is lessee for noncancellable leases of office equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. 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, the 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 the daily United States Treasury Yield Rate.
> *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 increasing payments, and purchase option price 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

Lessor - The District is lessor for noncancellable leases of land and buildings. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

N. Leases -*continued*

Key estimates and judgments include how the District determines the following:

Discount Rate: The District uses the daily United States Treasury Yield Rate as the discount rate to discount the expected lease receipts to present value.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain the lessee will exercise.

Lease Receipts: Lease receipts included in the measurement of the lease receivable are composed of fixed and increasing payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2 - *CASH AND INVESTMENTS*

A. Deposits

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 the Colorado 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 $4,451,130 at year end.

B. Investments

The District has adopted a formal investment policy, the primary objectives of which are 1) Safety of Principal (to protect against the loss of any principal); 2) Liquidity (to ensure that funds are available to meet obligations as necessary; and 3) Yield (to optimize returns within the appropriate safety and liquidity restraints). The standard of a "prudent investor" is used which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for preservation, considering the probably safety of their capital as well as the probable income to be derived. This policy applies to the investment of all financial assets and all funds of the District over which it exercises financial control."

The District also uses the following guidelines to ensure proper diversification:

Instrument	% of Portfolio Allowed	Maximum % Per Issuer
U.S. Treasuries	100%	100%
U.S. Agencies	75%	50%
Repurchase Agreements	100%	50%

NOTE 2 - *CASH AND INVESTMENTS (continued)*

B. Investments (continued)

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

At December 31, 2025 the District had the following recurring fair value measurements:

		Fair Value Measurements Using:		
Investments Measured at Fair Value	**Total**	**Level 1**	**Level 2**	**Level 3**
CSIP Accounts	$ 4,326,098	$ -	$ 4,326,098	$ -
Certificates of Deposit	2,463,019	-	2,463,019	-
Total	$ 6,789,117	$ -	$ 6,789,117	$ -

COLORADO STATEWIDE INVESTMENT PROGRAM

As of December 31, 2025, the District had $4,326,098 invested in the Colorado Statewide Investment Program ("CSIP"). CSIP is an investment program that provides professional investment services designed specifically to meet the cash management needs of Colorado governments, non-profit institutions and other institutional entities. CSIP's goal is to help member institutions achieve their objectives of safety, liquidity and competitive returns.

CSIP invests in the Colorado Investors Class of the PFM Funds Prime Series ("the Fund"), a money market mutual fund registered under the Investment Company Act of 1940, as amended. The Fund is managed to maintain a dollar-weighted average portfolio of 60 days or less and seeks to maintain a constant net asset value ("NAV") per share of $1.00.

Program elements:

- Daily liquidity
- Competitive money market returns
- Unlimited number of deposits and withdrawals
- Transactions by wire and ACH
- Sub-accounting to track multiple funds/accounts
- Dedicated Program website

The Fund invests in obligations of the United States government and its agencies, high quality fixed income securities of U.S. companies and obligations of financial institutions. The District's CSIP investments are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2025, The District had the following cash and investments with the following maturities:

			Maturities	
Account Type	**Standard & Poors Rating**	**Carrying Amounts**	**Less Than One Year**	**Less Than five Years**
CSIP Accounts	AAAm	$ 4,326,098	$ 4,326,098	$ -
Certificates of Deposit	Not Rated	2,463,019	969,457	1,493,562
Total		$ 6,789,117	$ 5,295,555	$ 1,493,562

NOTE 2 - *CASH AND INVESTMENTS (continued)*

B. Investments

A summary of the District's cash and cash equivalents at December 31, 2025:

Checking & Savings Deposits	$	2,847,088
CSIP Accounts		4,326,098
Total Balances		7,173,186
Net Outstanding Items		(259,037)
Total Cash & Cash Equivalents	$	6,914,149

Investment subject to interest rate risk disclosures are shown below:

Investment Type	Fair Value	Maturities
Certificate of Deposit	250,000	12/08/26
Certificate of Deposit	234,749	11/30/26
Certificate of Deposit	250,000	12/08/26
Certificate of Deposit	234,708	12/10/26
Certificate of Deposit	246,860	12/29/27
Certificate of Deposit	250,392	12/30/27
Certificate of Deposit	247,675	02/10/28
Certificate of Deposit	249,520	03/08/28
Certificate of Deposit	250,954	12/29/28
Certificate of Deposit	248,161	01/12/29
Total	$2,463,019	

Investments are stated at market value of $2,463,019. The value includes $3,320 of accrued interest at December 31, 2025.

The District was not subject to foreign currency risk as of December 31, 2025.

NOTE 3 - *LEASES RECEIVABLE*

The District leases assets to multiple entities. The leases bear annual interest ranging from 0.36% to 2.73% and may be subject to annual Consumer Price Index ("CPI") adjustments which was measured and included in the District's original recognition of each agreement's receivable. Variable revenues are recognized when the estimated CPI adjustment differs from actual. In accordance with generally accepted accounting principles, the outstanding lease receivable balances have been recorded as a receivable and deferred inflow of resources. There is a difference between reductions in receivables and deferred inflow when lease terms specify lease payment adjustments (i.e., subject to CPI adjustments) throughout the term of the lease, and these differences are recognized as an adjustment to leases principal revenue.

Governmental Activities	Balance 2024	Additions	Deletions	Balance 2025	Amounts Receivable In One Year
Leases	$ 77,241	$ 137,945	$ (51,247)	$ 163,939	$ 56,911
Total Governmental Activities	$ 77,241	$ 137,945	$ (51,247)	$ 163,939	$ 56,911

NOTE 3 - *LEASES RECEIVABLE - continued*

The following lease receivables are outstanding as of December 31, 2025:

Vail Health: The District Leases space to Vail Health. Beginning in 2017, the District began leasing space in Edwards Fieldhouse and Gypsum Recreation Center to be used by Vail Health. Each lease is for 10 years and calls for monthly payments of $3,952 per month for the Edwards Fieldhouse and $2,419 per month for the Gypsum Recreation Center.

SOS Outreach: In 2025 the District began leasing space to be used by SOS Outreach. The lease is for 5 years and calls for monthly payments of $2,261 increasing 3% annually.

NOTE 4 - *CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS*

A summary of changes in Capital Assets follows:

Governmental Capital Assets

	Balance 2024	Additions	Reductions	Balance 2025
Non-depreciable Assets:				
Construction-in-Progress	$ 2,250,000	$ 1,144,014	$ (2,250,000)	$ 1,144,014
Depreciable Capital Assets:				
Administration	480,742	72,885	(15,833)	537,794
Pool/Ice Rink & Equipment	2,936,918	2,258,607	-	5,195,525
Gypsum Recreation center Equipment	336,101	99,432	(23,109)	412,424
Edwards Field House & Equipment	8,873,021	11,736	(208,147)	8,676,610
Community Recreation	6,649,645	149,322	(57,294)	6,741,673
Recreation Equipment	15,576	-	(9,770)	5,806
Total at Historical Cost	21,542,003	3,735,996	(2,564,153)	22,713,846
Less Accumulated Depreciation:	(8,291,513)	(865,458)	176,512	(8,980,459)
Capital Assets Net	$ 13,250,490	$ 2,870,538	$ (2,387,641)	$ 13,733,387

Depreciation is calculated using the straight-line method. For the year ending December 31, 2025 depreciation expense in the amount of $865,458 was allocated to the various District functions as follows:

Administration	$ 64,205
Pool/Ice Rink & Equipment	212,529
Gypsum Recreation center Equipment	61,107
Edwards Field House & Equipment	302,708
Community Recreation	224,909
Total Depreciation	$ 865,458

Governmental Activities:
Right-of-use lease assets for the fiscal year ending December 31, 2025, which are amortized over the shorter of the lease term or the useful life of the underlying asset, were as follows:

Governmental Activities	Balance 2024	Additions	Deletions	Balance 2025
Right-of-use Lease Assets	$ 49,737	$ -	$ -	$ 49,737
Less Accumulated Amortization	(38,961)	(9,841)	-	(48,802)
Rou Lease Assets, Net	$ 10,776	$ (9,841)	$ -	$ 935

NOTE 5 - *LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS*

A summary of changes in General Long-term Debt as of December 31, 2025 follows:

Governmental Activities	Balance 2024	Additions	Reductions	Balance 2025	Amounts Due Within
Compensated Absences	$ 100,138	$ 95,234	$ (35,179)	160,193	$ 40,048
Total Long Term Obligations	$ 100,138	$ 95,234	$ (35,179)	$ 160,193	$ 40,048

The District has implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases,* for government-wide Statement of Net Assets recognition of leases and note disclosure of certain information about lease arrangements.

As discussed in Note 5, the District is the lessee of office equipment. The District determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized as lease commitments and leases with contractual terms longer than twelve months as either operating or finance. The District's equipment leases generally have terms from one to five years.

Right-to-use assets and lease obligations for operating leases are included in "ROU Lease Assets" and "Present Value of Lease Liability", respectively, in the Statement of Net Position. Leased assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease, which are subject to annual appropriation.

Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

Changes in the District's lease commitments during the fiscal year ended December 31, 2025 are as follows:

Governmental Activities	NPV Balance 2024	Additions	Reductions	NPV Balance 2025	Amounts Due Within
Lease Liabilities	$ 10,658	$ -	$ (10,090)	568	$ 568
Total Long Term Obligations	$ 10,658	$ -	$ (10,090)	$ 568	$ 568

Following are the required future minimum base rental payments under the District's leases.

Year Ended December 31,	Amount
2026	$ 568
Total	$ 568

The lease service payments are included in the General Fund

NOTE 6 - *DEFERRED COMPENSATION PLAN*

Plan Description
The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Colorado Retirement Association (CRA). The CRA provides retirement and death benefits for members and their beneficiaries. Plan participation is voluntary and available to any full-time, non-temporary/ seasonal employee of the District with 1 year of service. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through the plan's website at www.cra-online.org .

Funding Policy
The CRA is funded by member contributions of includable compensation to a maximum level set by the Internal Revenue Service. Employee contributions are matched by the District up to 10% of the employee's wages and vest immediately with the employee when made. Employer matching contributions made during the plan year are contributed to a Colorado Retirement Association (CRA) Defined Contribution 401(a) plan. The Districts 401(a) and the members 457 plan contributions for the year ended December 31, 2025 were $113,760 and $176,552 respectively, totaling $290,312.

NOTE 7 - *DEFINED CONTRIBUTION PENSION PLAN*

Plan Description
Mountain Recreation Metropolitan District contributes to the Colorado Retirement Association (CRA) Defined Contribution 401(a) Plan administered by CCOERA. All employees of the District are enrolled in the plan, in lieu of Social Security, upon date of hire. Employees' retirement accounts under the 401(a) plans are 100% vested and become property of the employee. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through its website at: www.cra-online.org.

Funding Policy
Employees' with 0-5 years of service contribute 3.75% of their compensation on a mandatory basis to the plan, and the District contributes 3.75% of the employees' gross compensation to the plan. Employees' with 6 plus years of continuous employment contribute 6% of their compensation on a mandatory basis, with a District contribution of 6% of the employees' gross compensation. The District's and members' contributions to the 401(a) plans for the year ended December 31, 2025 were each $138,059 totaling $276,118.

NOTE 8 - *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 a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to $1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated funds, the Pool may require additional contributions from the members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2025, the pool made no distributions to the District.

NOTE 9 - *CONTINGENCIES*

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statement as of December 31, 2025.

NOTE 10 - *INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS*

Eagle Pool and Ice Rink Agreement
The Mountain Recreation Metropolitan District and the District of Eagle, Colorado, entered into an agreement for the construction, ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink, located in Eagle, Colorado. The recreation facility was conveyed to the District in 2003 and the District retained full fee simple title to the ground upon which the facilities are constructed. The District is responsible for operation and maintenance of the recreation facilities.

The pool was remodeled during 2024 and 2025 and was funded through an IGA with the Town of Eagle. The Town of Eagle Issued new debt to finance the project and the District agreed to pay 50% of the principal and interest payments. In 2025 the Districts contribution was $215,254. Each annual payment is subject to annual appropriations under TABOR and is not recorded as a liability on the Districts Government Wide Financial Statements.

Gypsum Community Recreation Center Agreement
The Mountain Recreation Metropolitan District and the District of Gypsum, Colorado, entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the District retains full fee simple title to the community center and community center site. Pursuant to the agreement, a contribution in the amount of $232,974 is due to the District from the District for the fiscal year ended December 31, 2025 to cover one half of the operational deficits.

Other Intergovernmental Agreements
The Mountain Recreation Metropolitan District and other governmental entities have entered into agreements for the use of various facilities & parks located in the District boundaries. A complete listing is available at the District Administration Office and filed with the Colorado Department of Local Affairs.

NOTE 11 - *COMPLIANCE*

TABOR AMENDMENT - REVENUE AND SPENDING LIMITATION

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. In 1996, the District's electorate voted to allow the District to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions. Such provisions were made effective January 1, 1997.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2025 is approximately $251,000.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE 12 - *SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2025 through the issuance date of this report. There have been no material events noted during this period that would impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

Mountain Recreation District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	$ 4,653,658	$ 4,625,992	$ (27,666)
Specific Ownership Tax	165,000	231,063	66,063
Taxes - Delinquent Interest	4,500	9,154	4,654
Eagle Pool & Ice Rink	741,293	871,494	130,201
Gypsum Recreation Center	1,730,178	1,671,158	(59,020)
Edwards Field House	668,648	614,017	(54,631)
Outdoor Recreation	227,230	238,588	11,358
Investment Earnings - net	150,000	342,057	192,057
Capital Sponsorship	103,850	109,653	5,803
Miscellaneous	5,000	8,313	3,313
Total Revenues	8,449,357	8,721,489	272,132
Expenditures:			
Administration	1,951,773	1,864,315	87,458
Eagle Pool & Ice Rink Operations	1,335,562	1,356,878	(21,316)
Gypsum Recreation Center	1,960,766	1,904,131	56,635
Edwards Field House	1,034,342	952,858	81,484
Outdoor Recreation	399,275	374,296	24,979
Total Expenditures	6,681,718	6,452,478	229,240
Other Financing Sources and (Uses):			
Transfers to Other Funds	2,813,728	1,681,657	1,132,071
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,046,089)	587,354	1,633,443
Fund Balances – Beginning	4,195,905	4,484,978	289,073
Fund Balances – Ending	$ 3,149,816	$ 5,072,332	$ 1,922,516

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

Mountain Recreation District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Capital Projects Fund

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sale of Assets	$ -	$ -	$ -
Total Budgetary Revenues	-	-	-
Expenditures:			
Capital Outlay	1,930,657	1,742,122	188,535
Total Expenditures	1,930,657	1,742,122	188,535
Excess Revenues Over (Under) Expenditures	(1,930,657)	(1,742,122)	188,535
Other Financing Sources and (Uses):			
Transfers from Other Funds	1,500,000	1,500,000	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(430,657)	(242,122)	188,535
Fund Balances – Beginning	2,222,570	2,205,497	(17,073)
Fund Balances – Ending	$ 1,791,913	$ 1,963,375	$ 171,462

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

Mountain Recreation District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE - CONSERVATION TRUST FUND

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State Lottery Funds	$ 170,000	$ 158,212	$ (11,788)
Grant and Local Support	8,000	8,400	400
Eagle Sports Complex Rent	40,747	47,544	6,797
Freedom Park Field Rental	72,603	70,610	(1,993)
Total Budgetary Revenues	291,350	284,766	(6,584)
Expenditures:			
Eagle Sports Complex	1,247,496	153,223	1,094,273
Freedom Park	335,582	295,894	39,688
McCoy Field	22,000	17,306	4,694
Total Expenditures	1,605,078	466,423	1,138,655
Excess Revenues Over (Under) Expenditures	(1,313,728)	(181,657)	1,132,071
Other Financing Sources and (Uses):			
Transfers from Other Funds	1,313,728	181,657	(1,132,071)
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balances – Beginning	13,946	13,946	-
Fund Balances – Ending	$ 13,946	$ 13,946	$ -

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

SUPPLEMENTAL INFORMATION

Mountain Recreation District
Schedule of Expenditures Budget and Actual - Capital Projects and Conservation Trust
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Capital Projects Fund			
Capital Reserve - EPIR	$ 50,000	$ 50,000	$ -
Capital Reserve - EPIR Debt Contrib.	325,000	215,254	109,746
Capital Reserve - GRC	175,000	175,000	-
Computers/Office Equipment	19,850	10,969	8,881
Vehciles and Equipment	40,000	61,917	(21,917)
Eagle Area Minor Projects	29,002	11,169	17,833
Field House Capital Replacement	1,267,555	1,155,750	111,805
Gypsum Area Minor Projects.	24,250	62,063	(37,813)
Total Capital Projects Fund	1,930,657	1,742,122	188,535
Conservation Trust Fund			
Eagle Complex	1,247,496	153,223	1,094,273
Freedom Park	335,582	295,894	39,688
McCoy Field	22,000	17,306	4,694
Total Expenditures	1,605,078	466,423	1,138,655
Total Capital Expenditures and Improvements	$ 3,535,735	$ 2,208,545	$ 1,327,190
Less non-capitalized Expenditures and Improvements		(722,549)	
Total Capitalized Assets		$ 1,485,996	

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