

ANNUAL REPORT

As required by Section 32-1-207(c)(3), C.R.S.

Name of the District	Spring Valley Metropolitan District No. 1
Report for Calendar Year	2025
(i) Boundary changes made or proposed	No boundary changes were made or proposed during the reporting year.
(ii) Intergovernmental Agreements entered into or terminated with other governmental entities	The District approved the following intergovernmental agreements during the reporting year: • Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues by and between Spring Valley Metropolitan District No. 1 and Spring Valley Metropolitan District No. 5 • Easement and Operations and Maintenance Agreement by and between Spring Valley Metropolitan District No. 1, Spring Valley Metropolitan District No. 4, and Spring Valley Ranch West Homeowners Association, Inc. • Easement and Operations and Maintenance Agreement by and between Spring Valley Metropolitan District No. 1, Spring Valley Metropolitan District No. 2, and Spring Valley Ranch Filing 6 Homeowners Association Inc. • Option Agreement by and between the District and the Arapahoe County Water and Wastewater Authority, and First Amendment to same
(iii) Access information to obtain a copy of rules and regulations adopted by the Board	Copies of any rules and regulations may be found on the District's website at https://springvalleymd.org/documents/
(iv) A summary of litigation involving public improvements owned by the District	To the District's knowledge, there was no litigation involving the Public Improvements during the reporting year.
(v) Status of the construction of public improvements by the District	Water Infrastructure: The District completed construction of the 2.1 million gallon water storage tank, which was filled during the reporting year. The District also commenced the drilling of three new wells. Re-Use Pond Project: The Wastewater Re-Use Pond Project was completed during the reporting year. Roads and Access Improvements: The Delbert Acceleration/Deceleration Lane and County Road 178 Slope Grading Project was completed.

	Phase 2 of the River Highlands Drive project began with grading.
(vi) List of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality	No facilities or improvements constructed by the District were conveyed or dedicated to Elbert County during the reporting year.
(vii) Final Assessed Valuation of the District as of December 31 of the reporting year	The District's 2025 final assessed valuation is attached as Exhibit A .
(viii) Annual Budget for current year	The District's 2026 Budget is attached as Exhibit B .
(ix) Audited Financial Statements or Application for Exemption from Audit	The District's 2025 Audit is attached as Exhibit C .
(x) Notice of any uncured defaults existing for more than 90 days under any debt instrument of the District	To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
(xi) Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period	To our knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A
2025 Final Assessed Valuation

Elbert County

COUNTY ASSESSOR

New Tax Entity? ☐ YES ☒ NO

Date 11/25/2025

NAME OF TAX ENTITY: SPRING VALLEY METRO DIST 1

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2025:

- | | |
|---|------------|
| 1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 1. \$230 |
| 2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ | 2. \$30 |
| 3. LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. \$0 |
| 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. \$30 |
| 5. NEW CONSTRUCTION: * | 5. \$0 |
| 6. INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. \$0 |
| 7. ANNEXATIONS/INCLUSIONS: | 7. \$0 |
| 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈ | 8. \$0 |
| 9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ | 9. \$0 |
| 10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. \$0.00 |
| 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. \$0.00 |

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution

* New Construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART.X, SEC.20, COLO. CONSTUTION AND 39-5-121(2)(b), C.R.S., THE Elbert County ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2025:

- | | |
|--|----------|
| 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. \$102 |
|--|----------|

ADDITIONS TO TAXABLE REAL PROPERTY

- | | |
|--|--------|
| 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: * | 2. \$0 |
| 3. ANNEXATIONS/INCLUSIONS: | 3. \$0 |
| 4. INCREASED MINING PRODUCTION: § | 4. \$0 |
| 5. PREVIOUSLY EXEMPT PROPERTY: | 5. \$0 |
| 6. OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. \$0 |
| 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.): | 7. \$0 |

DELETIONS FROM TAXABLE REAL PROPERTY

- | | |
|---|---------|
| 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. \$0 |
| 9. DISCONNECTIONS/EXCLUSIONS: | 9. \$0 |
| 10. PREVIOUSLY TAXABLE PROPERTY: | 10. \$0 |

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:
TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY \$102

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** \$0

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

USE FOR STATUTORY PROPERTY TAX LIMIT CALCULATION ("5.25%" LIMIT)

IN ACCORDANCE WITH §§ 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2025 :

1.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION:	1.	<u>\$30</u>
2.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	2.	<u>\$ 0</u>
3.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	3.	<u>\$30</u>
4.	NEW CONSTRUCTION:	4.	<u>\$ 0</u>
5.	ANNEXATIONS/INCLUSIONS:	5.	<u>\$0</u>
6.	PREVIOUSLY EXEMPT PROPERTY:	6.	<u>\$0</u>
	TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A),C.R.S). Includes all revenue collected on valuation not previously certified:		
7.		7.	<u>\$ \$0.00</u>
	INCREASED VALUATION FOR ASSESSMENT ATTRIBUTABLE TO A CHANGE IN LAW FOR A PROPERTY TAX CLASSIFICATION* (29-1-306(3)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):		
8.		8.	<u>\$0</u>
	TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) AND (39-10-114(1)(a)(I)(B), C.R.S):		
9.		9.	<u>\$ \$0.00</u>
	TOTAL VALUATION FOR ASSESSMENT FROM PRODUCING MINES OR LANDS OR LEASEHOLDS PRODUCING OIL OR GAS		
10.		10.	<u>\$0</u>
11.	REVENUE INCREASE FROM EXPIRED TIF:	11.	<u>\$0</u>

* Change in law for property tax classification does not include changes in classification due to property use changes.

Note:

The property tax limit will apply to all property taxing entities with the exception of school districts and any county, city and county, city, or town that has adopted a home rule charter (29-1-306(1)(b), C.R.S.). The revenue limit applies to any property taxing entities that have authority to exceed current 5.5% and the TABOR limit.

The Division of Local Government ("the Division") has developed technical assistance resources to assist taxing entities with the calculation of the property tax limit available online here (<https://dlg.colorado.gov/budget-information-and-resources>). Please understand that the Division has no statutory or administrative role in calculating or enforcing the property tax limit, and each taxing entity's revenue limits and voter approval history may be unique. The technical assistance resources provided by the Division with regard to the property tax limit are not definitive and not legal advice. Taxing entities may choose to calculate the property tax limit with a methodology that is different from the methodology presented in the Division's technical assistance resources. The Division always recommends that taxing entities consult with an attorney in order to understand and apply the various statutory and constitutional revenue limits that may apply to that taxing entity.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

EXHIBIT B
2026 Budget

SPRING VALLEY METROPOLITAN DISTRICT NO. 1
2026 BUDGET MESSAGE

Spring Valley Metropolitan Districts 1-6 are quasi-municipal corporations organized and operated pursuant to provisions set forth in the Colorado Special District Act.

The Districts have no employees and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting.

The Districts were formed with the primary purposes of 1) to finance construction of public improvements as defined in the Service Plan for the Districts and; 2) to operate and maintain such public improvements that are not otherwise dedicated or conveyed to the County of other governmental entities and to provide for all or part of the Public Improvements, as defined in the District's Service Plan, for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. District No. 1 is the District responsible for overall community administration, operations and maintenance, and Districts Nos. 2-6 will provide funding for such costs. District No. 1 is also responsible for construction of public improvements that benefit the overall community and Districts Nos. 2-6 will provide funding for such costs via the issuance of bonds, the proceeds of which are transferred to District No. 1 to fund the cost of the public improvements.

Budget Strategy

The District's strategy in preparing the 2026 budget is to strive to provide the scope of services defined in the service plan in the most economic manner possible.

Revenues

In 2026 the District did not impose a mill levy due to its minimal assessed valuation. General Fund expenditures are primarily funded from property taxes levied by Districts 2-6, Road Maintenance Fund expenditures are primarily funded from one-time fees on new home construction, Capital Fund expenditures are primarily funded from transfers of proceeds from the District No. 5 bond issuance, and the Enterprise Fund is primarily funded from user fees charged to residents and homebuilders throughout the community.

Expenditures

The District has adopted four separate funds: 1) a General Fund to provide for general operating expenditures; 2) a Road Maintenance Fund for costs related to maintenance of roads and other areas not dedicated to the County; 3) a Capital Fund for costs related to construction of public improvements and; 4) a Water and Sewer Enterprise Fund for costs related to the operation of and capital improvements of to the community water and sewer systems.

The District has budgeted a portion of the fund balance in the General Fund to be set aside for Emergencies in accordance with the TABOR Amendment.

Spring Valley Metropolitan District No. 1
Statement of Net Position
September 30, 2025

	General Fund	Capital Fund	Enterprise Fund	Road Fund	Fixed Assets & LTD	TOTAL ALL FUNDS
ASSETS						
CASH						
First Bank Checking			596,643			596,643
ColoTrust			2,363,039			2,363,039
ColoTrust - Reserve Fees			785,024	1,057,176		1,842,201
Inter-Fund Balances	271,901	1,031,360	(1,283,706)	(19,555)		(0)
TOTAL CASH	271,901	1,031,360	2,461,001	1,037,621	-	4,801,883
OTHER CURRENT ASSETS						
Prepaid Expenses	-		450			450
Accounts Receivable			439,516			439,516
Due From District #2	175,324	-				175,324
Due From District #3	56,177	-	-			56,177
Due From District #4	21,496	-		-		21,496
Due From District #5	205		335,750			335,955
Due From District #6	14,089	355,569				369,658
TOTAL OTHER CURRENT ASSETS	267,291	355,569	775,716	-	-	1,398,576
FIXED ASSETS						
Fixed Assets			24,302,366		7,812,242	32,114,608
Accumulated Depreciation			(4,154,706)		(1,781,400)	(5,936,106)
TOTAL FIXED ASSETS	-	-	20,147,660	-	6,030,842	26,178,502
TOTAL ASSETS	539,192	1,386,930	23,384,376	1,037,621	6,030,842	32,378,962
LIABILITIES & DEFERED INFLOWS						
CURRENT LIABILITIES						
Accounts Payable			129,173			129,173
Due To District #2				-		-
Hydrant Deposits			14,000			14,000
Condemnation Deposit			-			-
Retainage Payable		384				384
Accrued Liabilities		-				-
TOTAL CURRENT LIABILITIES	-	384	143,173	-	-	143,557
DEFERRED INFLOWS						
Deferred Revenues						-
TOTAL DEFERRED INFLOWS	-	-	-	-	-	-
LONG-TERM LIABILITIES						
Developer Payable- Cap					1,172,360	1,172,360
Accrued Int- Dev Pay- Cap					1,643,961	1,643,961
TOTAL LONG-TERM LIABILITIES	-	-	-	-	2,816,322	2,816,322
TOTAL LIAB & DEF INFLOWS	-	384	143,173	-	2,816,322	2,959,879
NET POSITION						
Net Investment in Capital Assets			20,147,660		6,030,842	26,178,502
Amount to be Provided for Debt					(2,816,322)	(2,816,322)
Fund Balance- Nonspendable	-					-
Fund Balance- Restricted	8,800	1,386,546	3,093,543	1,037,621		5,526,510
Fund Balance-Assigned						-
Fund Balance- Unassigned	530,393					530,393
TOTAL NET POSITION	539,193	1,386,546	23,241,203	1,037,621	3,214,520	29,419,083
	=	=	=	=	=	=

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
COMBINED FUNDS									
REVENUE									
Water & Sewer Service Charges	1,140,255	1,423,000	1,091,200	2,514,200	2,003,420	1,093,894	909,526	1,556,500	See Enterprise Fund
Tap, System Dev, & Plant Inv Fees	-	-	-	-	-	-	-	-	
Operations Transfers SVMD 2-6	229,435	277,381	-	277,381	267,291	277,381	(10,090)	303,334	See General Fund Detail
Capital Transfers SVMD 2-6	5,676,514	7,073,490	(3,668,397)	3,405,093	2,090,481	5,305,118	(3,214,637)	7,256,250	See Capital Fund
Enterprise Transfer SVMD 2-6	158,000	-	237,000	237,000	177,750	-	177,750	237,000	
Interest	133,665	159,900	(2,900)	157,000	112,986	119,925	(6,939)	197,000	Based on 4% Interest Rate
Road, Water, & Sewer Capital Fees	795,848	1,161,692	(182,000)	979,692	658,027	871,269	(213,242)	1,770,000	\$2,500 Road & \$1,500 Water/Sewer Per Lot
Other Revenues	261,912	96,500	13,124	109,624	79,075	72,375	6,700	95,000	Other Fees, Penalties and Misc. Revenues
TOTAL REVENUE	8,395,629	10,191,963	(2,511,973)	7,679,990	5,389,029	7,739,962	(2,350,932)	11,415,084	
EXPENDITURES									
Administration	148,874	185,750	14,144	171,606	126,011	143,750	17,739	184,250	See General Fund Detail
Water & Sewer Operations	1,451,205	1,489,500	(24,405)	1,513,905	1,277,452	1,080,012	(197,440)	1,643,950	See Enterprise Fund
Road Maintenance & Repair	14,953	130,000	70,000	60,000	51,506	99,000	47,494	131,000	See Road Maintenance Fund
Capital Outlay	5,992,104	6,862,050	3,162,122	3,699,928	2,195,615	4,723,225	2,527,610	7,256,250	See Capital Fund
Developer Repayment	-	-	(1,500,000)	1,500,000	1,500,000	-	(1,500,000)	-	See Capital Fund
Replacement Reserves	-	-	-	-	-	-	-	-	
Contingency/ Emergencies	-	157,200	157,200	-	-	42,900	42,900	150,000	Unforeseen Needs
TOTAL EXPENDITURES	7,607,136	8,824,500	1,879,061	6,945,439	5,150,583	6,088,887	938,304	9,365,450	
REVENUE OVER / (UNDER) EXP	788,493	1,367,463	(632,912)	734,551	238,446	1,651,075	(1,412,629)	2,049,634	
OTHER SOURCES / (USES)									
Developer Advances	-	-	1,794,835	1,794,835	1,794,835	-	1,794,835	-	To Cover Shortfalls
TOTAL OTHER SOURCES / (USES)	-	-	1,794,835	1,794,835	1,794,835	-	1,794,835	-	
CHANGE IN FUND BALANCE	788,493	1,367,463	1,161,923	2,529,386	2,033,281	1,651,075	382,206	2,049,634	
BEGINNING FUND BALANCE	3,235,129	4,885,554	(861,932)	4,023,622	4,023,622	4,885,554	(861,932)	6,553,008	
ENDING FUND BALANCE	4,023,622	6,253,017	299,990	6,553,008	6,056,903	6,536,629	(479,726)	8,602,642	
COMPONENTS OF FUND BALANCE									
Nonspendable	-	-	-	-	-	-	-	-	
TABOR Emergency Reserve	7,400	8,800	-	8,800	8,800			9,800	Budgeted as an Expenditure
Assigned- Capital Projects	1,178,908	2,400,000	(1,197,092)	1,202,908	1,386,546			1,226,908	See Capital Fund
Assigned- Road Repairs	721,614	1,450,149	(255,343)	1,194,806	1,037,621			1,880,806	See Road Fund
Assigned- Water & Sewer	1,735,366	1,995,359	1,652,426	3,647,785	3,093,543			4,898,335	See Water/Sewer Fund
Unassigned/ Other	380,333	398,709	100,000	498,708	530,393			586,793	Remaining Balances
TOTAL ENDING FUND BALANCE	4,023,622	6,253,017	299,990	6,553,008	6,056,903			8,602,642	
	=	=	=	=	=			=	

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
GENERAL FUND									
REVENUE									
Transfer From SVMD #2	166,872	181,621	-	181,621	175,324	181,621	(6,296)	180,556	Per #2 Budget
Transfer From SVMD #3	55,467	58,325	-	58,325	56,177	58,325	(2,148)	58,642	Per #3 Budget
Transfer From SVMD #4	5,157	22,182	-	22,182	21,496	22,182	(686)	42,840	Per #4 Budget
Transfer From SVMD #5		729	-	729	205	729	(523)	83	Per #5 Budget
Transfer From SVMD #6	1,940	14,525		14,525	14,089	14,525	(436)	21,214	Per #6 Budget
Tap Fees (\$7,000 Each)	-	-	-	-	-	-	-	-	
Interest Income	14,085	14,000	-	14,000	10,178	10,500	(322)	20,000	Based on 4% Interest Rate
TOTAL REVENUE	243,520	291,381	-	291,381	277,470	287,881	(10,411)	323,334	
EXPENDITURES									
Administration									
Accounting	27,736	41,000	-	41,000	30,632	30,750	118	44,000	Based on 2025 Forecast- Split 50/50 Gen/Ent
Audit	6,250	6,750	-	6,750	6,750	6,750	-	8,750	Per Audit Engagement Letter
Bank Fees	-	-	-	-	-	-	-	-	
Election	24	1,000	144	856	856	1,000	144	500	2027 Election Prep
Insurance	-	-	-	-	-	-	-	-	In Enterprise Fund
Legal	90,224	100,000	55,000	45,000	24,758	75,000	50,242	50,000	Based on 2025 Forecast
Management	15,381	21,000	(7,000)	28,000	20,134	15,750	(4,384)	30,000	Based on 2025 Forecast
Elizabeth Fire Protection IGA	-	-	-	-	-	-	-	-	
Mowing	6,698	10,000	(35,000)	45,000	39,259	10,000	(29,259)	45,000	Mowing of Common, Beauty Bank & Native Areas
Miscellaneous	2,463	4,000	-	4,000	3,124	3,000	(124)	4,500	Based on 2025 Forecast
Repairs & Maintenance	-	-	-	-	-	-	-	-	Moved to Road Maintenance Fund
Snowplowing	-	-	-	-	-	-	-	-	Moved to Road Maintenance Fund
Utilities	-	-	-	-	-	-	-	-	
Website	98	2,000	1,000	1,000	497	1,500	1,003	1,500	ADA Accessible Website
Emergency Reserve		7,200	7,200	-		5,400	5,400	-	Held In Reserve
Contingency		50,000	50,000			37,500	37,500	50,000	Unforeseen Needs
TOTAL EXPENDITURES	148,874	242,950	71,344	171,606	126,011	186,650	60,639	234,250	
REVENUE OVER / (UNDER) EXP	94,647	48,431	71,344	119,775	151,459	101,231	50,228	89,084	
OTHER SOURCES / (USES)									
Developer Advance	-	-	-	-	-	-	-	-	
Interfund Transfers	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	94,647	48,431	71,344	119,775	151,459	101,231	50,228	89,084	
BEGINNING FUND BALANCE	293,087	359,078	28,656	387,733	387,733	359,078	28,656	507,508	
ENDING FUND BALANCE	387,733	407,509	100,000	507,508	539,193	460,309	78,884	596,593	
	=	=	=		=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
ROAD MAINTENANCE FUND									
# of Building Permits Per District:									
District #2	25	24		24				24	Estimated # of Building Permits- LGI (247 Total)
District #3	-	-		-				-	Not Tracked Since No Fees Owed
District #4	70	50		50				50	Estimated # of Building Permits- Horton (350 Total)
District #5	-	-		-				-	Estimated # of Building Permits Lennar (323 Total)
District #6	35	35		35				35	Estimated # of Building Permits- Century (265 Total)
Total Building Permits	130	109		109				109	
One-Time Per Lot Fees:									
District #2	2,988	4,988		4,488				7,000	Increase To \$7,000 For 2026
District #3	-	-		-				-	\$0 Since County Taking These Roads
District #4	4,488	6,488		4,488				7,000	Increase To \$7,000 For 2026
District #5	-	6,488		4,488				7,000	Increase To \$7,000 For 2026
District #6	4,488	6,488		4,488				7,000	Increase To \$7,000 For 2026
REVENUE									
Road Reserve Fees- District #2	71,808	119,712	(12,000)	107,712	75,523	89,784	(14,261)	168,000	# of Permits X Per Unit Fee Above
Road Reserve Fees- District #4	243,152	324,400	(100,000)	224,400	147,208	243,300	(96,092)	350,000	# of Permits X Per Unit Fee Above
Road Reserve Fees- District #5	-	-	-	-	-	-	-	-	# of Permits X Per Unit Fee Above
Road Reserve Fees- District #6	137,888	227,080	(70,000)	157,080	120,296	170,310	(50,014)	245,000	# of Permits X Per Unit Fee Above
Road Impact Fee	-	-	-	-	-	-	-	-	One-Time Payment Received in 2024
Interest Income	22,702	47,000	(3,000)	44,000	24,487	35,250	(10,763)	54,000	Based on 4% Interest Rate
TOTAL REVENUE	475,550	718,192	(185,000)	533,192	367,514	538,644	(171,130)	817,000	
EXPENDITURES									
Administration									
Snowplowing	14,953	20,000	-	20,000	13,805	14,000	196	20,000	Estimated Need
Roads Repairs	-	10,000	(30,000)	40,000	37,702	10,000	(27,702)	11,000	Minimal Expected Needs
Engineering	-	-	-	-	-	-	-	-	
Contingency	-	100,000	100,000	-	-	75,000	75,000	100,000	Unforeseen Needs
TOTAL EXPENDITURES	14,953	130,000	70,000	60,000	51,506	99,000	47,494	131,000	
REVENUE OVER / (UNDER) EXP	460,597	588,192	(115,000)	473,192	316,008	439,644	(123,636)	686,000	
OTHER SOURCES / (USES)									
Transfer From General Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	460,597	588,192	(115,000)	473,192	316,008	439,644	(123,636)	686,000	
BEGINNING FUND BALANCE	261,017	861,957	(140,343)	721,614	721,614	861,957	(140,343)	1,194,806	
ENDING FUND BALANCE	721,614	1,450,149	(255,343)	1,194,806	1,037,621	1,301,601	(263,980)	1,880,806	
	=	=	=		=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
CAPITAL FUND									
REVENUE									
Transfer From SVMD #2	-	-	-	-	-	-	-	-	Bond Funds Exhausted
Transfer From SVMD #3	-	-	1,500,000	1,500,000	1,500,000	-	1,500,000	-	Bond Funds Exhausted
Transfer From SVMD #4	-	-	-	-	-	-	-	-	Bond Funds Exhausted
Transfer From SVMD #5		7,073,490	(6,174,397)	899,093	-	5,305,118	(5,305,118)	7,256,250	Bonds Issued in 2025
Transfer From SVMD #6	5,676,514	-	1,006,000	1,006,000	590,481	-	590,481	-	Exhaust in 2025
Interest Income	22,314	42,900	(18,900)	24,000	17,937	32,175	(14,238)	24,000	Based on 4% Interest Rate
Other Revenue	50,000	-	-	-	-	-	-		
TOTAL REVENUE	5,748,827	7,116,390	(3,687,297)	3,429,093	2,108,418	5,337,293	(3,228,875)	7,280,250	

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
CAPITAL FUND (Continued)									
EXPENDITURES									
General									
Accounting	12,450	21,000	-	21,000	11,072	15,750	4,679	22,000	Based on 2025 Forecast
Legal	57,662	78,800	63,800	15,000	4,275	59,100	54,825	50,000	Based on 2025 Forecast
Engineering	173,705	175,000	50,000	125,000	86,334	131,250	44,916	130,000	Based on 2025 Forecast
Management	1,332	2,000	-	2,000	1,119	1,500	381	2,000	Based on 2025 Forecast
Capital Improvements (Easement)	-	-	-	-	-	-	-	-	
Roads									
Road Repairs- Elbert Co. Agreement	-	-	-	-	-	-	-	-	Completed in 2022
Augusta Loop (#2 & #6 Funds)	1,405,014	-	200,000	(200,000)	(200,000)	-	200,000	-	LGI Building & District Cost Shares
CR 174 (#3 & #6 Funds)	-	-	-	-	-	-	-	-	Punch list items For County Acceptance
CR 13 (#4 & #6 Funds)	-	-	-	-	-	-	-	-	Punch list items For County Acceptance
CR 178 (#4 & #6 Funds)	29,491	-	-	-	-	-	-	-	Punch list items For County Acceptance
Roads- HOA Contribution	-	-	-	-	-	-	-	-	
River Highlands & Calusa-Roads	16,510	600,000	600,000	-	-	600,000	600,000	600,000	Reconciliation of Costs With Homebuilder
Delbert Acceleration Lane	249,922	-	(11,000)	11,000	9,615	-	(9,615)	-	Complete in 2024- Net of County & Oil & Gas Funds
Roads- Other	106,531	-	(16,124)	16,124	10,213	-	(10,213)	-	
Water									
Arapahoe Well	-	1,500,000	600,000	900,000	-	900,000	900,000	350,000	Drill in 2025, Pump & Other Costs in 2026
Carbon Filtration	-	277,250	277,250	-	-	138,625	138,625	277,250	Second Filter & Media in 2026
Denver Well	-	-	(92,450)	92,450	-	-	-	940,000	Drilling, Pump & Other Costs in 2026
Laramie Fox Hill Well	3,074	-	-	-	-	-	-	1,520,000	Drilling, Pump & Other Costs in 2026
Water Tank	2,670,365	300,000	203,833	96,167	96,091	285,000	188,909	-	Complete in 2025
Water- Other	-	-	(843,841)	843,841	837,930	-	(837,930)	-	Regional Costs Certified in 2025
Sewer									
Lift Station (#4 Funds)	-	-	-	-	-	-	-	-	Completed in 2022
Re-Use Pond	908,639	500,000	458,739	41,261	41,261	500,000	458,739	100,000	Completed in 2025, Line to Golf Course Pond in 2026
Sewer- Plant Upgrades	-	708,000	-	708,000	309,237	472,000	162,763	565,000	Blower, 3rd Set of Membranes, & Carbon Filter for LFH
Sewer- Other	357,410	-	(1,028,085)	1,028,085	988,470	-	(988,470)	-	Potestio Meter & Regional Costs Certified in 2025
Parks & Recreation									
Parks & Rec- Other	-	-	-	-	-	-	-	-	
Combined Roads, Water, Sewer, Etc.									
River Highlands & Calusa Pines	-	2,700,000	2,700,000	-	-	1,620,000	1,620,000	2,700,000	Phase 1 2022/2023, Phase 2 of RH in 2025
Debt Service									
Developer Loan Repayment	-	-	(1,500,000)	1,500,000	1,500,000	-	(1,500,000)	-	Used District 3 Bond Funds To Repay Dev Adv in '25
Developer Loan Repayment- #6 Funds	-	-	-	-	-	-	-	-	
Contingency									
	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	5,992,104	6,862,050	1,662,122	5,199,928	3,695,615	4,723,225	1,027,610	7,256,250	
REVENUE OVER / (UNDER) EXP	(243,277)	254,340	(2,025,175)	(1,770,835)	(1,587,197)	614,068	(2,201,265)	24,000	
OTHER SOURCES / (USES)									
Developer Advance	-	-	1,794,835	1,794,835	1,794,835	-	1,794,835	-	
Transfer From General Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	1,794,835	1,794,835	1,794,835	-	1,794,835	-	
CHANGE IN FUND BALANCE	(243,277)	254,340	(230,340)	24,000	207,638	614,068	(406,430)	24,000	
BEGINNING FUND BALANCE	1,422,186	2,145,660	(966,751)	1,178,908	1,178,908	2,145,660	(966,751)	1,202,908	
ENDING FUND BALANCE	1,178,908	2,400,000	(1,197,092)	1,202,908	1,386,546	2,759,727	(1,373,181)	1,226,908	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
ENTERPRISE FUND									
REVENUE									
Operations Revenues:									
Water Residential Base Rates	351,763	444,000	-	444,000	334,011	333,000	1,011	461,000	Increase 4% to \$51.27/Mo.- Average of 750 Homes
Water Residential Tier Rates	279,559	343,000	(13,000)	330,000	266,257	279,202	(12,945)	367,000	4% Rate Increase Plus Additional Homes
Water Commercial Base Rates	7,501	8,000	-	8,000	5,950	6,512	(562)	8,000	4% Rate Increase
Water Commercial Tier Rates	2,300	3,200	-	3,200	1,451	2,605	(1,154)	3,300	4% Rate Increase
Residential Sewer Service Fees	463,607	589,000	(14,000)	575,000	427,241	441,750	(14,509)	613,000	Increase 4% to \$68.08/Mo.- Average of 750 Homes
Commercial Sewer Service Fees	4,351	4,000	-	4,000	2,370	3,000	(630)	4,200	6% Rate Increase
Hydrant Usage Revenues	31,174	31,800	1,118,200	1,150,000	966,140	27,825	938,315	100,000	Construction & Golf Course
Water Sold Outside the District	-	-	-	-	-	-	-	-	Potential Sale to Drill Sites- TBD
Penalties & Fees	28,022	26,500	-	26,500	17,880	19,875	(1,995)	26,000	Based on 2025 Forecast
Transfer Turn On/Off Fees	12,450	16,000	-	16,000	13,350	12,000	1,350	16,000	Based on 2025 Forecast
Meter Fees	35,749	37,000	-	37,000	25,905	27,750	(1,845)	36,000	Based on 2025 Forecast
Inspection Fees	15,530	17,000	10,000	27,000	18,816	12,750	6,066	17,000	Based on 2025 Forecast
Interest Income	74,565	56,000	19,000	75,000	60,383	42,000	18,383	99,000	Based on 4% Interest Rate
System Dev Fees-Irrigation	-	-	-	-	-	-	-	-	None Anticipated
Other Income / Insurance Proceeds	120,161	-	3,124	3,124	3,124	-	3,124	-	
Capital Reserve Revenues:									
Facilities Maintenance Surcharge	-	-	-	-	-	-	-	135,000	\$15.00/Mo. - Avg. of 750 Homes
Reserve Fees	343,000	490,500	-	490,500	315,000	367,875	(52,875)	872,000	District 2-6 Lots- Increase To \$8,000 Per Bldg Permit
Transfers from SVMD No. 5	158,000	-	237,000	237,000	177,750	-	177,750	237,000	Facility Fees Transferred From District No. 5
TOTAL REVENUE	1,927,732	2,066,000	1,360,324	3,426,324	2,635,628	1,576,144	1,059,484	2,994,500	

Spring Valley Metropolitan District No. 1
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 01/12/26

	2024 Audited Actual	2025 Adopted Budget	Variance Favorable (Unfavorable)	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Favorable (Unfavorable)	2026 Adopted Budget	Notes/Assumptions
ENTERPRISE FUND (Continued)									
EXPENDITURES									
Operations Expenditures:									
Accounting	27,736	29,000	(12,000)	41,000	30,632	21,750	(8,882)	44,000	Based on 2025 Forecast- Split 50/50 Gen/Ent
Billings	36,499	30,000	-	30,000	21,647	22,500	853	33,000	AMCOBI Monthly Billings
Management	107,700	103,000	(12,000)	115,000	85,581	77,250	(8,331)	125,000	Based on 2025 Forecast
Election	-	-	-	-	-	-	-	-	In General Fund
Legal	20,872	31,500	19,500	12,000	3,928	23,625	19,697	20,000	Based on 2025 Budget
Insurance	35,910	39,500	(8,305)	47,805	47,805	39,500	(8,305)	52,600	Based on 2025 Forecast
Bank Fees	44	100	(500)	600	329	75	(254)	700	Based on 2025 Forecast
Utilities	238,232	275,000	-	275,000	217,478	217,690	212	302,500	Based on 2025 Forecast
Utility Locates	52,207	40,000	(40,000)	80,000	74,310	30,000	(44,310)	80,000	Per Mike Murphy
Water & Sewer Operations	216,207	155,000	(45,000)	200,000	147,776	116,250	(31,526)	160,000	Per Mike Murphy
Chemicals & Testing	56,522	104,000	54,000	50,000	28,113	72,072	43,959	80,500	Chemicals& Testing
Facility Maintenance & Repair	81,468	300,000	-	300,000	375,650	225,000	(150,650)	325,650	Ramey Budget \$194K WTP+\$45k WWTP +87K Other
Sludge Hauling	170,895	210,000	(25,000)	235,000	202,010	157,500	(44,510)	250,000	Ramey Budget- 30% Increase In Hauling Costs
Meter Installation & Inspection	176,276	45,000	-	45,000	19,461	33,750	14,289	45,000	Decrease - Anticipate less in 2026
Engineering	3,176	50,000	-	50,000	-	37,500	37,500	50,000	Plant Engineering & Other
Jetting / Televising	20,164	70,000	40,000	30,000	21,858	-	(21,858)	70,000	Per Ramey- Both Jetting & Televising In 2026
Miscellaneous	5,355	7,400	4,900	2,500	874	5,550	4,676	5,000	Mailing of Billings, Publications, Misc
Reserve For Future Repairs	-	-	-	-	-	-	-	-	
Contingency	-	100,000	100,000	-	-	-	-	100,000	Unforeseen Needs
Capital Expenditures:									
Capital Outlay	201,944	-	-	-	-	-	-	-	All In Capital Fund
TOTAL EXPENDITURES	1,451,205	1,589,500	75,595	1,513,905	1,277,452	1,080,012	(197,440)	1,743,950	
CHANGE IN FUND BALANCE	476,527	476,500	1,435,919	1,912,419	1,358,177	496,132	862,045	1,250,550	
BEGINNING FUND BALANCE	1,258,839	1,518,859	216,507	1,735,366	1,735,366	1,518,859	216,507	3,647,785	
ENDING FUND BALANCE	1,735,366	1,995,359	1,652,426	3,647,785	3,093,543	2,014,991	1,078,551	4,898,335	
	=	=	=		=	=	=	=	
Components of Fund Balance:									
Reserved For Operations	1,077,260	818,753	243,176	1,061,929	1,912,494			999,179	
Reserved For Capital	658,106	1,176,606	1,409,250	2,585,856	1,181,048			3,899,156	
Total Fund Balance	1,735,366	1,995,359	1,652,426	3,647,785	3,093,543			4,898,335	
	=	=	=	=	=			=	

I, AJ Beckman, hereby certify that I am the duly appointed Secretary of the Spring Valley Metropolitan District No. 1, and that the foregoing is a true and correct copy of the budget for the budget year 2026, duly adopted at a meeting of the Board of Directors of the Spring Valley Metropolitan District No. 1 held on November 20, 2025.

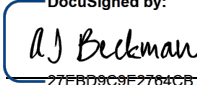
By:  Secretary

EXHIBIT C
2025 Audit

**Spring Valley Metropolitan District No. 1
Elbert County, Colorado**

FINANCIAL STATEMENTS

December 31, 2025

Spring Valley Metropolitan District No. 1

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December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spring Valley Metropolitan District No. 1
Elbert County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Spring Valley Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2025, and the respective changes in financial position and, where applicable cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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

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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 21, 2026

BASIC FINANCIAL STATEMENTS

Spring Valley Metropolitan District No. 1

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 2,686,824	\$ 3,556,445	\$ 6,243,269
Cash and investments - Restricted	8,500	-	8,500
Accounts receivable	-	213,338	213,338
Prepaid expense	-	56,114	56,114
Due from other governments	87,281	-	87,281
Capital assets, net	8,028,862	22,374,761	30,403,623
Total assets	<u>10,811,467</u>	<u>26,200,658</u>	<u>37,012,125</u>
LIABILITIES			
Accounts payable	-	475,766	475,766
Deposits	-	21,000	21,000
Noncurrent liabilities			
Due in more than one year	2,719,826	-	2,719,826
Total liabilities	<u>2,719,826</u>	<u>496,766</u>	<u>3,216,592</u>
NET POSITION			
Net investment in capital assets	5,309,036	22,374,761	27,683,797
Restricted for:			
Emergency reserves	8,500	-	8,500
Road repair and replacement	1,020,156	-	1,020,156
Unrestricted	1,753,949	3,329,131	5,083,080
Total net position	<u>\$ 8,091,641</u>	<u>\$ 25,703,892</u>	<u>\$ 33,795,533</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 503,891	\$ -	\$ 583,235	\$ 2,589,508	\$ 2,668,852	\$ -	\$ 2,668,852
Interest on long-term debt and related costs	78,865	-	-	-	(78,865)	-	(78,865)
Transfer of capital assets from other governments	-	-	-	2,472,058	2,472,058	-	2,472,058
Transfer of capital assets to Business-Type fund	2,845,843	-	-	-	(2,845,843)	-	(2,845,843)
Total governmental activities	\$ 3,428,599	\$ -	\$ 583,235	\$ 5,061,566	2,216,202	-	2,216,202
Business-type Activities:							
Water and sewer activity enterprise	\$ 2,049,489	\$ 2,391,487	\$ 276,000	\$ 3,082,843	-	3,700,841	3,700,841
Total business-type activities	\$ 2,049,489	\$ 2,391,487	\$ 276,000	\$ 3,082,843	-	3,700,841	3,700,841
Primary government total							
General revenues:							
Investment income					77,830	107,925	185,755
Insurance claim					-	3,124	3,124
Other income					-	8,977	8,977
Total general revenues and transfers					77,830	120,026	197,856
Change in net position					2,294,032	3,820,867	6,114,899
Net position - beginning					5,797,609	21,883,025	27,680,634
Net position - ending					\$ 8,091,641	\$ 25,703,892	\$ 33,795,533

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

**BALANCE SHEET
GOVERNMENTAL FUNDS**

12/31/2025

	General Fund	Road Maintenance Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 465,910	\$ 1,020,156	\$ 1,200,758	\$ 2,686,824
Cash and investments - Restricted	8,500	-	-	8,500
Due from other governments	51,158	-	36,123	87,281
Total assets	<u>\$ 525,568</u>	<u>\$ 1,020,156</u>	<u>\$ 1,236,881</u>	<u>\$ 2,782,605</u>
LIABILITIES				
Total liabilities	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Assigned for:				
Capital projects	-	-	1,236,881	1,236,881
Restricted for:				
Road repair and replacement	-	1,020,156	-	1,020,156
Emergencies	8,500	-	-	8,500
Unassigned	517,068	-	-	517,068
Total fund balances	<u>525,568</u>	<u>1,020,156</u>	<u>1,236,881</u>	<u>2,782,605</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 525,568</u>	<u>\$ 1,020,156</u>	<u>\$ 1,236,881</u>	

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 funds.

Capital assets, net 8,028,862

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Developer advance payable (997,000)

Accrued interest on developer advance (1,722,826)

Net position of governmental activities \$ 8,091,641

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Road Maintenance Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental revenue	\$ 268,483	\$ -	\$ 2,589,508	\$ 2,857,991
Road reserve fees	-	314,752	-	314,752
Investment income	13,697	39,216	24,917	77,830
Total revenues	<u>282,180</u>	<u>353,968</u>	<u>2,614,425</u>	<u>3,250,573</u>
Expenditures				
Current				
Accounting	40,166	-	17,802	57,968
Audit	6,750	-	-	6,750
Election	856	-	-	856
Engineering	-	-	145,402	145,402
Legal services	26,704	-	6,026	32,730
Management	26,565	-	1,258	27,823
Ground maintenance	39,259	-	-	39,259
Miscellaneous / Other	4,045	-	4,359	8,404
Road repairs	-	37,702	-	37,702
Snow removal	-	17,724	-	17,724
Capital outlay	-	-	2,501,078	2,501,078
Total expenditures	<u>144,345</u>	<u>55,426</u>	<u>2,675,925</u>	<u>2,875,696</u>
Excess of revenues over (under) expenditures	<u>137,835</u>	<u>298,542</u>	<u>(61,500)</u>	<u>374,877</u>
Other financing sources (uses)				
Developer advance	-	-	1,794,834	1,794,834
Developer advance repayment	-	-	(1,675,361)	(1,675,361)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>119,473</u>	<u>119,473</u>
Net change in fund balances	137,835	298,542	57,973	494,350
Fund balances - beginning	<u>387,733</u>	<u>721,614</u>	<u>1,178,908</u>	<u>2,288,255</u>
Fund balances - ending	<u>\$ 525,568</u>	<u>\$ 1,020,156</u>	<u>\$ 1,236,881</u>	<u>\$ 2,782,605</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

**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 - governmental funds:	\$ 494,350
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation	(274,038)
Capital outlay	2,645,843
Capital assets transferred from other governments	2,472,058
Capital assets transferred to proprietary fund	(2,845,843)

Long-term debt (e.g. Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follow:

Developer capital advance	(1,794,834)
Developer capital advance repayment	1,675,361

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on Developer advance payable - change	(78,865)
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Change in net position of governmental activities	<u>\$ 2,294,032</u>
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The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	<u>Budget Amounts</u> Original and Final	<u>Actual</u> Amounts	<u>Variance with</u> Final Budget - Positive (Negative)
REVENUES			
Transfer from Spring Valley Metropolitan District No. 2	\$ 181,621	\$ 176,173	\$ (5,448)
Transfer from Spring Valley Metropolitan District No. 3	58,325	56,520	(1,805)
Transfer from Spring Valley Metropolitan District No. 4	22,182	21,496	(686)
Transfer from Spring Valley Metropolitan District No. 5	729	205	(524)
Transfer from Spring Valley Metropolitan District No. 6	14,525	14,089	(436)
Investment income	14,000	13,697	(303)
Total revenues	<u>291,382</u>	<u>282,180</u>	<u>(9,202)</u>
EXPENDITURES			
Accounting	41,000	40,166	834
Audit	6,750	6,750	-
Election	1,000	856	144
Ground maintenance	-	39,259	(39,259)
Legal	100,000	26,704	73,296
Management	21,000	26,565	(5,565)
Miscellaneous	4,000	3,505	495
Mowing	10,000	-	10,000
Website	2,000	540	1,460
Emergency reserve	7,200	-	7,200
Contingency	50,000	-	50,000
Total expenditures	<u>242,950</u>	<u>144,345</u>	<u>98,605</u>
Change in fund balance	48,432	137,835	89,403
Fund balances - beginning	<u>359,078</u>	<u>387,733</u>	<u>28,655</u>
Fund balances - ending	<u>\$ 407,510</u>	<u>\$ 525,568</u>	<u>\$ 118,058</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

STATEMENT OF NET POSITION
PROPRIETARY FUND

December 31, 2025

ASSETS

Current assets

Cash and investments	\$ 3,556,445
Accounts receivable	213,338
Prepaid expenses	56,114
Total current assets	<u>3,825,897</u>

Capital assets

22,374,761

Total assets

26,200,658

LIABILITIES

Current liabilities

Accounts payable	475,766
Deposits	21,000
Total current liabilities	<u>496,766</u>

Total liabilities

496,766

NET POSITION

Net investment in capital assets	22,374,761
Unrestricted	3,329,131
Total net position	<u>\$ 25,703,892</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

OPERATING REVENUES

Water service charges	\$ 740,407
Sewer service charges	576,574
Hydrant water usage fees	977,860
Transfer fees	20,650
Meter fees	29,423
Inspection fees	22,333
Penalties	24,240
Total operating revenues	<u>2,391,487</u>

OPERATING EXPENSES

Accounting	40,165
Bank fees	384
Chemicals and testing	37,060
Depreciation and amortization	618,741
Facility maintenance and repairs	173,951
Insurance	47,805
Jetting	21,858
Legal	11,209
Locates	86,504
Management and billing	148,555
Meter installation	126,134
Miscellaneous	3,674
Sludge hauling	261,408
Utilities	286,248
Water and sewer general operations	185,793
Total operating expenses	<u>2,049,489</u>
Income (loss) from operations	<u>341,998</u>

NONOPERATING REVENUES (EXPENSES)

Reserve fees	276,000
Investment income	107,925
Miscellaneous income	12,101
Transfer of capital assets - government fund	2,845,843
Intergovernmental	237,000
Total nonoperating revenues (expenses)	<u>3,478,869</u>

Change in net position	<u>3,820,867</u>
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NET POSITION - BEGINNING	<u>21,883,025</u>
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NET POSITION - ENDING	<u><u>\$25,703,892</u></u>
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The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 2,565,114
Payments to suppliers for goods and services	<u>(1,357,307)</u>
Net cash provided (used) by operating activities	<u><u>1,207,807</u></u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Reserve fees	276,000
Insurance claim proceeds	3,124
Intergovernmental revenue	<u>237,000</u>
Net cash provided (used) by capital and related financing activities	<u><u>516,124</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>107,925</u>
Net cash provided (used) by investing activities	<u><u>107,925</u></u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,831,856

CASH AND CASH EQUIVALENTS - beginning of year

1,724,589

CASH AND CASH EQUIVALENTS - end of year

\$ 3,556,445

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Income (loss) from operations	<u>\$ 341,998</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	618,741
Changes in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	5,127
Due from other governments	158,000
Prepaid expenses	(9,679)
Increase (decrease) in:	
Accounts payable	83,120
Deposits	<u>10,500</u>
Total adjustments	<u>865,809</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,207,807</u></u>

Noncash capital and related financing activities:

Capital assets transferred from governmental activities	<u><u>\$ 2,845,843</u></u>
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The accompanying Notes to the Financial Statements are an integral part of these statements.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District was organized pursuant to provisions set forth in the Colorado Special District Act. The District was organized in coordination with Spring Valley Metropolitan District No. 2 ("District No. 2"), Spring Valley Metropolitan District No. 3 ("District No. 3"), Spring Valley Metropolitan District No. 4 ("District No. 4"), Spring Valley Metropolitan District No. 5 ("District No. 5"), and Spring Valley Metropolitan District No. 6 ("District No. 6"). The purpose of the District is to provide for the design, acquisition, construction, installation and financing of water and sewer facilities, including storm drainage, street improvements, safety protection, park and recreation, transportation, television relay and translation, mosquito control and limited fire protection services. The governing body of the District consists of a five-member Board of Directors which is elected by the registered voters within the District.

District No. 1 provides management for all administrative and operations functions as well as construction or acquisition of infrastructure for all of the Districts. District Nos. 2, 3, 4, 5, and 6 ("Financing Districts") are responsible for providing funding for the construction and financing of certain facilities benefiting their respective districts. The water, sewer, and parks and recreation facilities will be retained by District No. 1 for ownership and operation. All other assets constructed are anticipated to be conveyed to other governmental entities for ownership and maintenance responsibilities. The Financing Districts will impose an operations and maintenance mill levy to assist the District in the costs of operations of the assets.

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.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial resources of the District. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are shown as increases in assets and repayment of developer advances are recorded as a reduction in liabilities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The Road Maintenance Fund is used to account for fees charged prior to the issuance of building permits for residential units in District Nos. 2, 4, 5, and 6 and the expenditure of those fees for repair and replacement of road improvements as prescribed in the enabling legislation adopted by the District's board of directors.

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

The District reports the following major proprietary fund:

Proprietary Fund - The Water and Sewer Fund accounts for the activities associated with providing water and sewer services to the citizens of the Financing Districts, and to certain property owners outside the District's Service Area pursuant to extraterritorial service agreements. The Proprietary Fund accounts for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pooled cash and investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with a maturity of three months or less from the date of acquisition to be cash equivalents.

Accounts receivable, allowance for doubtful accounts

User fees and system development fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Budgetary information

In accordance with the Colorado State Budget Law, the District's Board of Directors (the Board) holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The Board can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts and inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Capital assets

Capital assets, which include property and infrastructure assets (e.g. roads, bridges, sidewalks, facilities and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Roads	20-40 years
Water and sewer infrastructure	20-40 years
Storm sewer	15-40 years
Utilities	20 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated.

Deferred outflow/inflow of resources

In addition to assets, the statement of net position may 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 and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has no items that qualify for reporting in this category as of December 31, 2025.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or 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 government has no items that qualify for reporting in this category as of December 31, 2025.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025

Net position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 6,243,269
Cash and investments - Restricted	8,500
Total cash and investments	<u><u>\$ 6,251,769</u></u>

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

Deposits with financial institutions	\$ 752,433
Investments	5,499,336
Total cash and investments	<u><u>\$ 6,251,769</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit 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. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, the District's cash deposits had a bank balance of \$753,331 and a carrying balance of \$752,433. Amounts in excess of FDIC limits throughout the year and at December 31, 2025 were fully collateralized.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Investments

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District generally limits its investment to those which are believed to have minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to three or five years or less (depending upon the type of investment) unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2025, the District had the following investment:

Investment	Maturity	Amount
Colorado Liquid Assets Trust (Colotrust)	Weighted average under 60 days	<u>\$5,499,336</u>
Total investments		<u><u>\$5,499,336</u></u>

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios - COLOTRUST PRIME (PRIME), COLOTRUST PLUS+ (PLUS), and COLOTRUST EDGE (EDGE).

COLOTRUST PRIME and COLOTRUST PLUS+, which operates similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAF/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly and there is no redemption notice period. The District invested in the COLOTRUST PLUS+ portfolio during 2025.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Easements and ROW	202,109	-	-	202,109
Total capital assets not being depreciated	202,109	-	-	202,109
Capital assets, being depreciated:				
Roads	7,610,133	2,472,058	200,000	9,882,191
Total capital assets being depreciated	7,610,133	2,472,058	200,000	9,882,191
Less accumulated depreciation for:				
Roads	1,781,400	274,038	-	2,055,438
Net capital assets being depreciated	5,828,733	2,198,020	200,000	7,826,753
Governmental activities capital assets, net	\$ 6,030,842	\$ 2,198,020	\$ 200,000	\$ 8,028,862
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 3,722,375	\$ 208,010	\$ 3,609,243	321,142
Capital assets being depreciated:				
Utilities	202,121	-	-	202,121
Water system	11,720,148	4,865,156	-	16,585,304
Sewer system	8,275,708	1,381,920	-	9,657,628
Storm sewer	382,014	-	-	382,014
Total capital assets being depreciated	20,579,991	6,247,076	-	26,827,067
Less accumulated depreciation for:				
Utilities	165,066	10,106	-	175,172
Water system	2,097,059	361,152	-	2,458,211
Sewer system	1,530,901	224,167	-	1,755,068
Strom sewer	361,681	23,316	-	384,997
Total accumulated depreciation	4,154,707	618,741	-	4,773,448
Net capital assets being depreciated	16,425,284	5,628,335	-	22,053,619
Business-type activities capital assets, net	\$ 20,147,659	\$ 5,836,345	\$ 3,609,243	\$ 22,374,761
Total Net Capital Assets	\$ 26,178,501	\$ 8,034,365	\$ 3,809,243	\$ 30,403,623

Capital assets were paid for, acquired by, or reimbursed by the District and a portion of the assets are conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities are removed from the District's financial records.

Depreciation expense was charged to District functions as follows:

General government	\$274,038
Water and sewer	\$618,741

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

NOTE 5 – LONG-TERM OBLIGATIONS

Following is an analysis of changes in long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Developer advances:					
Facilities Funding and Acquisition Agreement	\$ 877,526	\$ 1,794,835	\$ 1,675,361	\$ 997,000	\$ -
Accrued interest	1,643,961	81,054	2,189	1,722,826	-
Total developer advances	<u>\$ 2,521,487</u>	<u>\$ 1,875,889</u>	<u>\$ 1,677,550</u>	<u>\$ 2,719,826</u>	<u>\$ -</u>

Prior Developer Facilities Funding and Acquisition Agreement

On November 30, 2006, the District and Running Creek Investments, LLC, ("Prior Developer"), entered into a Facilities Funding and Acquisition Agreement (the "FFAA") whereby the Prior Developer agreed to advance up to \$10,000,000 to the District to fund the construction or acquisition of certain improvements as defined in the FFAA. The District agreed to reimburse all advances made at an interest rate of 8% per annum. All such reimbursements were, and continue to be, subject to annual appropriation by the District's Board of Directors.

On May 23, 2011, the District and the Prior Developer entered into a First Amendment to the FFAA (the "FFAA First Amendment") whereby the Prior Developer agreed to reduce the total principal amount payable by \$321,993 (the then current outstanding principal balance) and that as of May 18, 2011, no interest would continue to accrue on such amount. The FFAA First Amendment was signed concurrently with an Extraterritorial Water and Sewer Service Agreement with Haynes Family Limited Partnership (see Note 8).

On January 24, 2019, the District and the Prior Developer entered into the Termination of Facilities Funding and Acquisition Agreement, dated effective February 28, 2018, releasing the Prior Developer from its obligation to make additional capital advances, and releasing the District from its obligation to reimburse the Prior Developer any funds owed under the FFM, which at that time equaled exclusively \$54,532 in accrued interest (the "Outstanding Advances"). The District assumed the responsibility of reimbursing the Outstanding Advances to MG Land (defined below) pursuant to the MG FFAA (defined below).

MG Land Facilities Funding and Acquisition Agreement

On January 24, 2019, the District and MG Land Investments, LLC, ("MG Land") entered into a Facilities Funding and Acquisition Agreement, dated effective February

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

28, 2018, which the District and MG Land subsequently replaced in its entirety on October 21, 2021, with an Amended and Restated Facilities Funding and Acquisition Agreement, dated effective February 28, 2018 (collectively, the "MG FFAA"). Under the MG FFAA, MG Land agreed to advance funds necessary to fund Construction Related Expenses (as defined therein) on a periodic basis as needed by the District, up to the Shortfall Amount (as defined therein) each fiscal year. The District agreed to reimburse the Developer for all Outstanding Advances and Construction Related Expenses, together with interest thereon. Simple interest accrues on Outstanding Advances and Construction Related Advances per annum at a rate of 8% on those made prior to October 1, 2021, and at a rate of 4% on those made on or after October 1, 2021. Accrual on Outstanding Advances begins on February 28, 2018. Accrual on Construction Related Advances begins (a) respecting Developer Advances (as defined therein), on the date of deposit into the District's account, and (b) respecting Verified Costs (as defined therein), from the date incurred. Payments made apply first against principal, and then interest, of Outstanding Advances, and then apply first against principal, and then interest, of Construction Related Expenses. The District is not required to make any payment under the MG FFAA unless and until the District issues bonds in an amount sufficient to reimburse MG Land for all or a portion of the Outstanding Advances, District issues bonds in an amount sufficient to reimburse MG Land for all or a portion of the Outstanding Advances, Developer Advances, and/or Verified Costs. The District is not obligated for Construction Related Expenses and/or Verified Costs incurred by Developer, but not invoiced to the District within three years of the date incurred. In the event the District has not paid or reimbursed the Developer for any Outstanding Advances by December 31, 2032, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. In the event the District has not paid or reimbursed the Developer for any Construction Related Expenses and/or Verified Costs by December 31, 2059, whether invoiced or not invoiced by such date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. At December 31, 2025, the District had \$977,000 of developer advances payable under the MG FFAA, and \$1,722,826 of accrued interest.

Debt Authorization

The District, along with Spring Valley Metropolitan District Nos. 2, 3, 4, 5, and 6 (collectively the "Districts"), were organized to provide services to their respective service areas pursuant to their service plans. The District's Service Plan limits the District's ability to issue debt at \$35,000,000 (the "Individual Service Plan Debt Limit"); provided, however, that refunding debt does not count against the Individual Service Plan Debt Limit. The Districts, in the aggregate, are limited in their ability to issue Debt as set forth in the Service Plans to a total amount of \$250,000,000 (the "Aggregate Service Plan Debt Limit"); provided, however, that refunding debt does not count against the Aggregate Service Plan Debt Limit.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

The District has the voter authorization to issue Bonds to the Aggregate Service Plan Debt Limit.

As of December 31, 2025, the District had not issued any debt; District No. 2 had issued \$17,795,025 in general obligation public improvement debt (excluding refunding debt) ("G.O. Debt"); District No. 3 had issued \$6,736,000 in G.O. Debt; District No. 4 had issued \$14,761,000 in G.O. Debt; District No. 5 had issued \$15,318,000 in G.O. Debt, and District No. 6 had issued \$15,070,000 in G.O. Debt. Thus, at December 31, 2025, the District had \$35,000,000 in its remaining Individual Service Plan Debt Limit, and the remaining Aggregate Service Plan Debt Limit for all Districts was \$180,319,975.

NOTE 6 – NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, developer advances, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets in the amount of \$27,683,797.

Restricted assets include net position that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. At December 31, 2025, the District had restricted net position of \$8,500 for Emergency Reserves and \$1,020,156 restricted for road repair and replacement.

The District had unrestricted net position of \$5,083,080 at December 31, 2025.

NOTE 7 – RELATED PARTIES

As of December 31, 2025, several positions on the Board of Directors were held by Developer representatives. Such Board members may have potential conflicts of interest with respect to actions taken in their capacity as Board members. Disclosure of any potential conflicts of interest is made in accordance with Colorado law, in advance of each Board meeting.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

NOTE 8 – DISTRICT AGREEMENTS

Intergovernmental Fee Agreement

On November 1, 2004, the District and District No. 2 entered into an Intergovernmental Fee Agreement, as amended by the First Amendment, dated June 14, 2005, and the Second Amendment, dated September 4, 2007 (the "IFA"). The IFA contemplates that District No. 2 anticipates issuing general obligation bonds (the "Bonds") to pay for the construction and installation of certain water and sewer facilities. To repay the principal and interest on the Bonds, District No. 2 pledged the Capital Component (as defined therein) of the Tap Fees (as defined therein) imposed by District No. 2 for the first 649 Tap Fees it collects. The IFA further provides that property owners or users within District No. 2 pay Tap Fees imposed by the District will be credited as having paid District No. 2 Tap Fees.

After District No. 2 receives the first 649 Tap Fees pledged to the repayment of the Bonds, District No. 2 will transfer to the District a portion of the Tap Fees it receives, being the District No. 1 Portion (as defined therein) to pay for operations and maintenance of the water and sanitation facilities.

Pursuant to that certain Resolution No. 2014-11-03 to Set New Rates for Tap Fees and Service Charges Effective as of January 1, 2015, adopted November 17, 2014, and recorded February 12, 2015, the District imposed a Tap Fee (described therein as a System Development Fee) at a rate of \$16,200 per equivalent residential unit. The Tap Fee is composed of a \$9,200 Capital Component and a \$7,000 O&M Component. The District may determine on a case-by-case basis whether to use the Tap Fee for uses other than residential dwellings. The Tap Fee was updated on September 16, 2020, by that certain Resolution No. 2020-09-02 to Confirm Schedule of Fees and Charges and, Without Changing Total Fees Due, Designating in Spring Valley Metropolitan District No. 2 the Capital Component of the Tap Fee to \$16,200 and the O&M Component of the Tap Fee to be \$0, which changed the Tap Fee to be composed of a \$16,200 Capital Component and a \$0.00 O&M Component. It is clarified therein that the Tap Fee applies to all property subject to the District's Rules and Regulations, including the property within the District's Service Area, such as District Nos. 2-4.

On August 22, 2019, the District and District No. 3 adopted Joint Resolution 2019-08-02 Authorizing Collection of the Capital Component of Tap Fees for repayment of Bonds, whereby District No. 3 was authorized to collect and use the Capital Component of the Tap Fees, not otherwise pledged, for repayment of District No. 3's \$4,075,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A, and \$2,661,000 Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) issuance, which closed January 29, 2020 (the "District No. 3 2020 Bonds").

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

On March 9, 2020, the District and District No. 4 adopted Joint Resolution 2020-03-04 Authorizing Collection of the Capital Component of Tap Fees for Repayment of Bonds dated August 22, 2019, whereby District No. 4 is authorized to collect and use the Capital Component of the Tap Fees for repayment of District No. 4's Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A and \$5,621,000 Subordinate Limited Tax General Obligation Bonds, Series 2020B issuance, which closed August 12, 2020 (the "District No. 4 2020 Bonds").

On September 16, 2020, the District and District No. 2 entered into Joint Resolution 2020-09-01 Authorizing Collection of the Capital Component of the Tap Fees for Repayment of Bonds, whereby District No. 2 is authorized to collect and use the Capital Component of the Tap Fees not otherwise pledged for repayment of District No. 2's \$12,850,000 2020 Loan Agreement and Promissory Note, which closed September 22, 2020 (the "District No. 2 Series 2020 Loan").

On October 21, 2021, the District and District No. 6 adopted Joint Resolution 2021-10-05 Authorizing Collection of Capital Component of Tap Fees for Repayment of Bonds, whereby District No. 6 is authorized to collect and use the Capital Component of the Tap Fees not otherwise pledged for repayment of District No. 6's \$15,070,000 General Obligation Limited Tax Bonds, Series 2021(3) issuance, which closed on January 27, 2022 (the "District No. 6 2020 Bonds").

Facilities Funding, Construction, and Operations Agreement

The District, together with District Nos. 2, 3, 4, 5 and 6 is a party to the Second Amended and Restated Facilities Funding, Construction and Operations Agreement dated October 21, 2021 and effective as of February 25, 2021 (the "FFCOA"). The purpose of the FFCOA is to bind the parties thereto concerning capital expenditures and operation and maintenance expenses so that the cost of providing services to the Spring Valley Development (as defined therein) are shared by the users of the Primary Facilities (as defined therein), Secondary Facilities (as defined therein), and services under the numerous circumstances that may occur in the future. Pursuant to the terms of the FFCOA, each of District Nos. 1-6 agreed that District No. 1 will own (subject to potential transfer to other governmental entities or authorities), operate, maintain, finance and construct Primary Facilities and certain Secondary Facilities and that District Nos. 2-6 will contribute to the costs of construction, operation, and maintenance of such Primary Facilities and Secondary Facilities. District Nos. 2-6 acknowledged that District No. 1 is relying on their commitment to issue General Obligation Bonds and remit the net proceeds thereof to District No. 1 so it can pay for certain capital costs therein contemplated. District Nos. 2-6 also agreed to contribute to District No. 1's costs of construction, operation and maintenance, in part, by a pledge of the mill levy imposed for those purposes.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Agreement of Acknowledgement of Satisfaction of Obligations of District No. 2

On November 21, 2019, the District and District Nos. 2-4 entered into an Agreement of Acknowledgement of Satisfaction of Obligations of District No. 2 Related to the Funding of Construction of Public Improvements and Acknowledgement of Ongoing Obligations of District Nos. 1, 3 and 4 Related to the Funding of Construction of Public Improvements, as amended by the First Amendment on September 16, 2020 (the "Acknowledgement Agreement"). The Acknowledgement Agreement acknowledged that, other than District No. 2's obligation to collect and remit 649 District Tap Fees (as defined therein) to the District, District No. 2 has satisfied all obligations due to the District for the funding of construction of Public Improvements arising under those agreements existing as of the effective date of the Acknowledgement Agreement, and that District No. 2 shall have no further obligation to make any payments to the District for the funding of the construction of Public Improvements (as defined therein) under any existing agreement. The Acknowledgement Agreement also acknowledged that, pursuant to the FFCOA, the District shall enter into a Facilities Funding and Acquisition Agreement with MG Land for the reimbursement of Outstanding Reimbursement Obligation (as defined therein) of the District, consistently with the Termination of the District No. 2 MGL FFM (as defined below). Additionally, the District and District Nos. 3 and 4 acknowledge that there may be additional districts organized that will issue bonds and work with the District and District Nos. 3 and 4 to help fund the remaining Public Improvements and that they shall exercise reasonable efforts to assure the additional districts become parties to the FFCOA to contribute towards the reimbursement of the Outstanding Reimbursement Obligation and to complete the Public Improvements. The Acknowledgement Agreement also clarifies that District No. 2 bears sole responsibility to make all payments related to its repayment of the District No. 2 2020 Loan (as defined therein).

Outstanding Reimbursement Obligation and Infrastructure Funding Agreement

The District, together with District Nos. 3-6 and MG Land Investments, LLC (MGL), is a party to the Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement ("OROIFAA"). The OROIFAA sets forth the terms and conditions pursuant to which District No. 1 will design, construct and complete Facilities that benefit property within the service area of the Districts as contemplated by the FFCOA and MGL will advance funds to District No. 1 (MGL Advances) necessary to cover shortfalls in construction-related expenses incurred by District No. 1. The OROIFAA also sets for the terms and conditions pursuant to which District No. 1 may acquire Facilities constructed by MGL, including verified costs incurred by MGL (Verified Costs). The OROIFAA provides that District No. 1 will reimburse MGL for (i) MGL Advances, (ii) Verified Costs and (iii) outstanding amounts MGL advanced to District No. 2 for construction-related costs, the reimbursement obligation for which was transferred to District No. 1 with the consent of the other Districts and MGL. Interest accrues on MGL Advances and Verified Costs incurred prior to October 1, 2021, at 8% and thereafter at 4%. District No. 1's reimbursement

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

obligation is subject to receipt of funding from the proceeds of General Obligation Bonds issued by the District and District Nos. 4-6 as anticipated in and required by the FFCOA. District No. 1's obligation to reimburse MGL under the OROIFAA is subject to annual appropriation. Any outstanding amount of principal and accrued interest not paid or reimbursed under the OROIFAA by December 31, 2059, whether invoiced or not, shall be deemed forever discharged and satisfied in full.

Extraterritorial Water and Sewer Service Agreement

On May 23, 2011, the District entered into an Extraterritorial Water and Sewer Service Agreement with Haynes Family Limited Partnership (the "Golf Club Party"). In accordance therewith, and concurrent with the approval of the FFM First Amendment (see Note 4), as well as the associated reductions of outstanding developer advance principal obligations of the District and District No. 2 for a total of \$600,000, the District agreed to provide irrigation water and sewer service to the Golf Club Party up to \$300,000. The Golf Club Party must meet certain metering and notification requirements.

First Amendment

On June 11, 2024, the District entered into the First Amendment to Extraterritorial Water and Sewer Service Agreement with Elizabeth Real Estate Opportunity LLC, as successor-in-interest to Hamsa Golf, LLC, as successor-in-interest to Haynes Family Limited Partnership (the "Golf Club Party"). In accordance therewith, the District agreed to increase the volume of water provided for irrigation, amended the Service Charges that will be paid by the Golf Club Party for water and sewer service, and specified that the \$300,000 in credit for Bulk Irrigation Water fees had been exhausted.

Letter Agreement with Melody Homes, Inc.

On November 21, 2013, the District entered into a Letter Agreement with District No. 2 and Melody Homes, Inc. ("Melody") whereby Melody agreed to pay the District a prepayment of the \$5,000 operations and maintenance component of the \$12,200 tap fee (established by the District and District No. 2) for 40 lots for a total of \$200,000. The District agreed to deposit \$100,000 in an escrow account for the purpose of completing the road repairs necessary to obtain an initial and final acceptance of the public streets by Elbert County. The \$100,000, along with an additional \$20,000 (see Agreement Regarding Road Repairs) were restricted and transferred to the Capital Fund. The remainder of the funds was used to repay the developer advances (see Note 4) and to provide funds to pay operations expenses. The \$100,000 in the escrow account was released in May 2017 to the District and \$50,000 of the funds released was used to repay accrued interest on developer advances.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Agreement Regarding Road Repairs

On November 30, 2013, the District entered into an Agreement Regarding Road Repairs with Elbert County and Fidelity National Title Company ("Fidelity") whereby the District agreed to deposit \$20,000 of the funds received from Melody (see Letter Agreement with Melody Homes, Inc.) into an escrow account for the purpose of providing funds for road repairs. In addition, \$3,000 from each subsequently received \$5,000 operations and maintenance component of the \$12,200 tap fee for a list of 58 predefined lots is to be added to the escrow account. The funds can be withdrawn upon the receipt by the escrow agent of the necessary documentation supporting the completion of road repairs.

Facilities Acquisition and Fee Credit Agreement

On April 27, 2017, the District entered into a Facilities Acquisition and Fee Credit Agreement ("FAFCA") with District No. 3 and Century at Spring Valley Ranch, LLC ("Century"). Thereunder, in exchange for Century constructing the Roads (as defined therein), the District agreed to grant to Century credits against certain Combined Fees (as defined therein) associated with a total of 52 individual lots. The Combined Fees are composed of the System Development Fee (as defined therein) and the Facilities Fee (as defined therein), combining for a total of \$20,150 per lot. Century would have otherwise owed to the District the Combined Fees, in association with Century's development of such 52 lots, the development of which benefits District No. 3.

Development Improvement Agreement with Melody Homes, Inc.

The District entered into the Development Improvement Agreement (Spring Valley Ranch Filing 5) with Melody Homes, Inc. ("Melody") dated December 2, 2021 ("Development Improvement Agreement - Melody"), in which Melody agreed to be responsible for funding and constructing County Roads 13, 174 and 178 (the "County Roads") and the Lift Station in order to develop its lots. The Development Improvement Agreement - Melody also sets forth the conditions under which the Developer, rather than the District, will complete construction of the County Roads and the Lift Station.

First Amendment

On April 18, 2024, the District entered into the First Amendment to Development Improvement Agreement with Melody Homes, Inc. In accordance therewith, certain exhibits related to the phasing of the public improvements were amended.

Step-In Rights Agreement with Melody Homes, Inc.

The District entered into the Step-In Rights Agreement with Melody dated December 2, 2021 (the "Step-In Rights Agreement - Melody"), in which the District provided assurances to Melody regarding the completion of the County Roads and the Lift Station and established conditions under which Melody will be permitted to step-in and

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

manage completion of the improvements if the District does not. The Step-In Rights Agreement - Melody automatically terminates when the County Roads are initially accepted by Elbert County and when the Lift Station is initially accepted by the District. As of December 31, 2021, the District had met all required milestones.

Waiver and Release with Melody Homes, Inc.

The District, Spring Valley Land Investments, LLC ("SVLI"), and Melody entered into the Waiver and Release of Reimbursement Rights dated December 2, 2021 ("Waiver and Release - Melody"), under which Melody agreed to design, finance and construct the County Roads and Lift Station pursuant to the Development Improvement Agreement - Melody. Under the Waiver and Release - Melody, Melody agreed to assign to SVLI any rights to reimbursement that Melody may be entitled to from the District.

Development Improvement Agreement with Century Land Holdings, LLC

The District, Spring Valley Land Investments II, LLC ("SVLI II") and Century Land Holdings, LLC ("Century") entered into the Development Improvement Agreement (Builder Public Improvements) dated December 10, 2021, under which Century agreed to construct and install Calusa Pines Drive and River Highlands Drive, including related public improvements ("Road Improvements").

Step-In Rights Agreement with Century Land Holdings, LLC

The District, SVLI II and Century entered into the Step-In Rights Agreement dated December 10, 2021, pursuant to which the District provided assurances to Century regarding the completion of the Road Improvements and established the conditions under which Century will be permitted to step-in and manage completion of the Road Improvements if the District does not. Century also agreed to waive any rights to reimbursement from the District for any costs incurred in connection with any Road Improvements constructed or installed by Century.

Waiver and Release with Century Land Holdings, LLC

The District, SVLI II, and Century entered into the Waiver and Release of Reimbursement Rights dated December 10, 2021, pursuant to which Century agreed to assign to SVLI II any rights to reimbursement that Century might otherwise be eligible for from the District for any public improvements.

Development Improvement Agreement with LGI Homes - Colorado, LLC

The District and LGI Homes - Colorado, LLC ("LGI") entered into the Development Improvement Agreement Spring Valley Ranch Filing 6 dated December 17, 2021, pursuant to which LGI agreed to finance and construct the Augusta Loop and Bridge.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

LGI further acknowledged its execution of the Waiver and Release (see below) and directed all reimbursements for the costs incurred by LGI related to the August Loop and Bridge to be directed to MG Land.

Step-In Rights Agreement with LGI Homes - Colorado, LLC

The District and LGI entered into a Step-In Rights Agreement dated December 17, 2021, pursuant to which the District and LGI agreed it would be most efficient for LGI to step-in as the project coordinator and to proceed with the bidding and construction of the Augusta Loop and Bridge. The parties agreed that LGI would receive credit for the Road Impact Fee Credit in the amount of \$1,194,986 and a District Contribution in the amount of \$1,205,014 to LGI for the District's share of the costs of the Augusta Loop and Bridge.

Waiver and Release with LGI Homes - Colorado, LLC

The District, MG Land Investments, LLC ("MG Land") and LGI entered into a Waiver and Release of Reimbursement Rights dated December 17, 2021, under which LGI agreed to assign to MG Land any rights to reimbursement that LGI might otherwise be eligible for from the District.

Development Improvement Agreement with Lennar Colorado, LLC

The District and Lennar Colorado, LLC ("Lennar") entered into the Development Improvement Agreement (Spring Valley Ranch Filing 10) dated September 10, 2024, pursuant to which Lennar agreed to finance and construct certain Improvements in order for the Lots to be developed. Lennar further acknowledged its execution of the Waiver and Release (see below) and directed all reimbursements for the costs incurred by Lennar related to the Improvements to be directed to Spring Valley Land Investments, LLC.

Homebuilder Letter Agreement with Lennar Colorado, LLC and Spring Valley Metropolitan District No. 5

The District, Spring Valley Metropolitan District No. 5 (collectively with the District, the "Districts"), and Lennar Colorado, LLC ("Lennar") entered into the Homebuilder Letter Agreement dated September 10, 2024, pursuant to which the District agreed to provide water, sanitary sewer and storm sewer services to residential lots within the boundaries of District No. 5, and Lennar agreed to pay tap fees/system development fees; water and sewer operations reserve fees; facilities fees; road operations reserve fees; and fire protection fees related to the development of residential lots within the boundaries of District No. 5.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Equipment Maintenance Reimbursement Agreement

The District entered into an Equipment Maintenance Reimbursement Agreement (Park and Playground Equipment) with the Spring Valley Ranch Master Owners Association ("Association") dated December 2, 2020, in which the District agreed to reimburse the Association 50% of Equipment Maintenance Costs for park and playground equipment installed within the boundaries of the District on or before June 1st of every year beginning June 1, 2022. The District's obligations under this agreement continue indefinitely until terminated by either party.

Cost Sharing Agreements

The District entered into a Cost Sharing Agreement (County Roads 13, 174 and 178) with GMT Exploration Company LLC ("GMT") dated August 25, 2021 ("Cost Sharing Agreement"), pursuant to which GMT agreed to contribute a total of \$1,650,000 towards the construction of County Roads 13, 174 and 178. GMT's payments are due in three equal installments as follows: #1 within 30 days of execution of the Cost Sharing Agreement; #2 within ten business days of the Second Payment Trigger (as defined in the Cost Sharing Agreement); and #3 within ten business days of the Third Payment Trigger (as defined in the Cost Sharing Agreement).

The District entered into a Cost Sharing Agreement with GMT Exploration Company LLC ("GMT") dated April 24, 2024 ("Cost Sharing Agreement"), pursuant to which GMT agreed to contribute a total of 35%, or a maximum of \$50,000, towards the construction of a north-bound acceleration lane at the intersection of County Road 178 and Delbert Road. GMT's payment is due within thirty (30) days of the District's invoice submittal to GMT.

Intergovernmental Agreement Regarding Assignment of Revenues with District No. 6

The District entered into an Intergovernmental Agreement Regarding Assignment of Revenues with Spring Valley Metropolitan District No. 6 ("District No. 6") dated October 21, 2021, pursuant to which the District and District No. 6 agreed that revenues pledged to secure payment of the District No. 6 Bonds will include the Capital Component of the District No. 1 Tap Fee and the Facilities Fees, as each are defined in the Indenture executed by District No. 6 in connection with the District No. 6 Bonds.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues

On February 20, 2025, the District and District No. 5 entered into that certain Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues (Assignment of Revenues IGA), pursuant to which District No. 1 agrees to assign and convey to the District the Capital Component of District No. 1 Tap Fees applicable to property in the District, which revenues are pledged to the District's Series 2025A(2) Bonds (the Pledged Tap Fees). District No. 1 also agrees in the Assignment of Revenues IGA not to reduce the rate of its Tap Fee or take any other action that would adversely affect the revenue derived from the Pledged Tap Fees. District No. 1's obligation to collect, enforce and convey to the District the Pledged Tap Fees continues so long as the Series 2025A(2) Bonds remain outstanding.

Letter Agreement with LGI and District No. 2

The District entered into a Letter Agreement with LGI and Spring Valley Metropolitan District No. 2 ("District No. 2") dated December 17, 2021 ("Letter Agreement"), pursuant to which LGI agreed to be required to make payment of all fees and charges for water, sanitary sewer, storm drainage and other services as set forth in the Letter Agreement, including and not limited to, the System Development Fees and the Water and Sewer Operations Reserve Fee, subject to the application of any available System Development Fee Credit, as well as the Facilities Fee and a Road Operations Reserve Fee. The Letter Agreement shall terminate upon the earlier to occur of (i) the issuance of the last certificate of occupancy for the Lots within the Property, or (ii) December 27, 2027, unless otherwise agreed in writing by the parties.

Option Agreement

On November 18, 2025, the District entered into that certain Option Agreement with the Arapahoe County Water and Wastewater Authority (ACWWA) (together with the First Amendment dated December 24, 2025, Second Amendment dated January 27, 2026 and Third Amendment dated June 25, 2026, the "Option Agreement"). The Option Agreement sets forth the terms and conditions pursuant to which, upon the condition that the District exercises its option to purchase certain water rights from ACWWA, ACWWA assign and the District will accept the obligation to provide water service to users in certain property in Elbert County.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025

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 personnel, 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. 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, public officials' liability and worker's compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

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.

On November 6, 2001, a majority of the District's electors authorized the District to collect and spend or retain in a reserve, all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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 the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

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SUPPLEMENTARY INFORMATION

Spring Valley Metropolitan District No. 1

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

For the Year Ended December 31, 2025

	Budget Amounts		Variance with Final Budget - Positive (Negative)
	Original and Final	Actual Amounts	
REVENUE:			
Road reserve fees - District No. 2	\$ 119,712	\$ 103,224	\$ (16,488)
Road reserve fees - District No. 4	324,400	178,624	(145,776)
Road reserve fees - District No. 6	227,080	32,904	(194,176)
Investment income	47,000	39,216	(7,784)
Total revenues	<u>718,192</u>	<u>353,968</u>	<u>(364,224)</u>
EXPENDITURE			
Road repairs	10,000	37,702	(27,702)
Snow removal	20,000	17,724	2,276
Contingency	100,000	-	100,000
Total expenditures	<u>130,000</u>	<u>55,426</u>	<u>74,574</u>
Net change in fund balances	<u>588,192</u>	<u>298,542</u>	<u>(289,650)</u>
Fund balances - beginning	<u>861,957</u>	<u>721,614</u>	<u>(140,343)</u>
Fund balances - ending	<u>\$ 1,450,149</u>	<u>\$ 1,020,156</u>	<u>\$ (429,993)</u>

Spring Valley Metropolitan District No. 1

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

For the Year Ended December 31, 2025

	<u>Budget Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
REVENUES			
Transfer from Spring Valley Metropolitan District No. 3	\$ -	\$ 1,575,361	\$ 1,575,361
Transfer from Spring Valley Metropolitan District No. 5	7,073,490	20,479	(7,053,011)
Transfer from Spring Valley Metropolitan District No. 6	-	993,668	993,668
Investment income	42,900	24,917	(17,983)
Total revenues	<u>7,116,390</u>	<u>2,614,425</u>	<u>(4,501,965)</u>
EXPENDITURES			
Accounting	21,000	17,802	3,198
Engineering	175,000	145,402	29,598
Legal	78,800	6,026	72,774
Management	2,000	1,258	742
Miscellaneous / Other	-	4,359	(4,359)
Capital Outlay	6,585,250	2,501,078	4,084,172
Total expenditures	<u>6,862,050</u>	<u>2,675,925</u>	<u>4,186,125</u>
Excess of expenditures over (under) revenues	<u>254,340</u>	<u>(61,500)</u>	<u>(315,840)</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	-	1,794,834	1,794,834
Developer advance repayment	-	(1,675,361)	(1,675,361)
Total other financing sources (uses)	<u>-</u>	<u>119,473</u>	<u>119,473</u>
Net change in fund balances	<u>254,340</u>	<u>57,973</u>	<u>(196,367)</u>
Fund balances - beginning	<u>2,145,660</u>	<u>1,178,908</u>	<u>(966,752)</u>
Fund balances - ending	<u>\$ 2,400,000</u>	<u>\$ 1,236,881</u>	<u>\$ (1,163,119)</u>

Spring Valley Metropolitan District No. 1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - PROPRIETARY FUND**

For the year ended December 31, 2025

	Budget Amounts		Variance With Final Budget Positive (Negative)
	Original and Final	Actual	
REVENUES			
Water service charges	\$ 798,200	\$ 740,407	\$ (57,793)
Sewer service charges	593,000	576,574	(16,426)
Hydrant water usage fees	31,800	977,860	946,060
Transfer fees	16,000	20,650	4,650
Meter fees	37,000	29,423	(7,577)
Inspection fees	17,000	22,333	5,333
Penalties	26,500	24,240	(2,260)
Reserve fees	490,500	276,000	(214,500)
Intergovernmental revenue	-	237,000	237,000
Investment income	56,000	107,925	51,925
Other income	-	12,101	12,101
Total revenues	2,066,000	3,024,513	958,513
EXPENDITURES			
Accounting	29,000	40,165	(11,165)
Bank fees	100	384	(284)
Chemicals and testing	104,000	37,060	66,940
Engineering	50,000	-	50,000
Facility maintenance and repairs	300,000	173,951	126,049
Insurance	39,500	47,805	(8,305)
Jetting	70,000	21,858	48,142
Legal	31,500	11,209	20,291
Locates	40,000	86,504	(46,504)
Management and billing	133,000	148,555	(15,555)
Meter installation	45,000	126,134	(81,134)
Miscellaneous	7,400	3,674	3,726
Sludge hauling	210,000	261,408	(51,408)
Utilities	275,000	286,248	(11,248)
Water and sewer general operations	155,000	185,793	(30,793)
Contingency	100,000	-	100,000
Total expenditures	1,589,500	1,430,748	158,752
Excess (Deficit) of revenues over (Under) expenditures	476,500	1,593,765	1,117,265
FUNDS AVAILABLE - Beginning of year	1,518,859	1,735,366	216,507
FUNDS AVAILABLE - End of year	\$ 1,995,359	\$ 3,329,131	\$ 1,333,772

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Revenues (budgetary basis)	\$ 3,024,513
Transfer of capital assets from government fund	2,845,843
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	5,870,356
Expenditures (budgetary basis)	1,430,748
Depreciation and amortization	618,741
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	2,049,489
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	\$ 3,820,867