

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

FINANCIAL STATEMENTS

December 31, 2024

Spring Valley Metropolitan District No. 1

TABLE OF CONTENTS

December 31, 2024

Independent auditor’s report I

Basic financial statements:

Government-wide financial statements:

Statement of net position 1
Statement of activities 2

Fund financial statements:

Balance sheet – governmental funds 3
Statement of revenues, expenditures, and changes in fund balances –
governmental funds 4
Reconciliation of the statement of revenues, expenditures, and
changes in fund balances to the statement of activities 5
Statement of revenues, expenditures, and changes in fund balances –
budget and actual – general fund 6
Statement of net position – proprietary fund 7
Statement of revenues, expenses and changes in net position – proprietary fund 8
Statement of cash flows – proprietary fund 9

Notes to financial statements 10

Supplementary information:

Schedule of revenues, expenditures, and changes in fund balances –
budget and actual – road reserve fund 35
Schedule of revenues, expenditures, and changes in fund balances –
budget and actual – capital projects fund 36
Schedule of revenues, expenditures and change in fund balance – budgetary basis
budget and actual – proprietary fund 37

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, 2024, 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, 2024, 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 29, 2025

BASIC FINANCIAL STATEMENTS

Spring Valley Metropolitan District No. 1

STATEMENT OF NET POSITION

December 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 2,018,851	\$ 1,724,589	\$ 3,743,440
Cash and investments - Restricted	7,400	-	7,400
Accounts receivable	-	209,488	209,488
Prepaid expense	-	46,435	46,435
Due from other governments	667,389	158,000	825,389
Capital assets, net	6,030,842	20,147,659	26,178,501
Total assets	8,724,482	22,286,171	31,010,653
LIABILITIES			
Accounts payable	205,385	392,646	598,031
Other accrued liabilities	200,000	-	200,000
Deposits	-	10,500	10,500
Noncurrent liabilities			
Due in more than one year	2,521,487	-	2,521,487
Total liabilities	2,926,872	403,146	3,330,018
NET POSITION			
Net investment in capital assets	3,509,355	20,147,659	23,657,014
Restricted for:			
Emergency reserves	7,400	-	7,400
Road repair and replacement	721,614	-	721,614
Unrestricted	1,559,241	1,735,366	3,294,607
Total net position	\$ 5,797,610	\$ 21,883,025	\$ 27,680,635

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, 2024

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 500,826	\$ -	\$ 732,284	\$ 5,676,514	\$ 5,907,972	\$ -	\$ 5,907,972
Interest on long-term debt and related costs	55,884	-	-	-	(55,884)	-	(55,884)
Transfer of capital assets	20,580,887	-	-	-	(20,580,887)	-	(20,580,887)
Total governmental activities	<u>\$ 21,137,597</u>	<u>\$ -</u>	<u>\$ 732,284</u>	<u>\$ 5,676,514</u>	<u>(14,728,799)</u>	<u>-</u>	<u>(14,728,799)</u>
Business-type Activities:							
Water and sewer activity enterprise	\$ 1,926,995	\$ 1,232,006	\$ 343,000	\$ 4,615,361	-	4,263,372	4,263,372
Total business-type activities	<u>\$ 1,926,995</u>	<u>\$ 1,232,006</u>	<u>\$ 343,000</u>	<u>\$ 4,615,361</u>	<u>-</u>	<u>4,263,372</u>	<u>4,263,372</u>
Primary government total							
General revenues:							
Investment income					59,101	74,565	133,666
Insurance claim					-	120,161	120,161
Total general revenues and transfers					<u>59,101</u>	<u>194,726</u>	<u>253,827</u>
Change in net position					(14,669,698)	4,458,098	(10,211,600)
Net position - beginning					20,467,308	17,424,927	37,892,235
Net position - ending					<u>\$ 5,797,610</u>	<u>\$ 21,883,025</u>	<u>\$ 27,680,635</u>

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

Spring Valley Metropolitan District No. 1

**BALANCE SHEET
GOVERNMENTAL FUNDS**

12/31/2024

	General Fund	Road Reserve Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 380,333	\$ 721,614	\$ 916,904	\$ 2,018,851
Cash and investments - Restricted	7,400	-	-	7,400
Due from other governments	-	-	667,389	667,389
Total assets	\$ 387,733	\$ 721,614	\$ 1,584,293	\$ 2,693,640
LIABILITIES				
Accounts and retainage payable	\$ -	\$ -	\$ 205,385	\$ 205,385
Other accrued liabilities	-	-	200,000	200,000
Total liabilities	-	-	405,385	405,385
FUND BALANCES				
Assigned for:				
Capital projects	-	-	1,178,908	1,178,908
Restricted for:				
Road repair and replacement	-	721,614	-	721,614
Emergencies	7,400	-	-	7,400
Unassigned	380,333	-	-	380,333
Total fund balances	387,733	721,614	1,178,908	2,288,255
Total liabilities, deferred inflows of resources and fund balances	\$ 387,733	\$ 721,614	\$ 1,584,293	

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	6,030,842
---------------------	-----------

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

Developer advance payable	(877,526)
---------------------------	-----------

Accrued interest on developer advance	(1,643,961)
---------------------------------------	-------------

Net position of governmental activities	\$ 5,797,610
---	---------------------

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, 2024

	<u>General Fund</u>	<u>Road Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental revenue	\$ 229,436	\$ -	\$ 5,676,514	\$ 5,905,950
Road reserve fees	-	452,848	-	452,848
Investment income	14,085	22,702	22,314	59,101
Other income	-	-	50,000	50,000
Total revenues	<u>243,521</u>	<u>475,550</u>	<u>5,748,828</u>	<u>6,467,899</u>
Expenditures				
Current				
Accounting	27,736	-	12,451	40,187
Audit	6,250	-	-	6,250
Election	24	-	-	24
Engineering	-	-	173,705	173,705
Legal services	90,224	-	57,662	147,886
Management	15,381	-	1,332	16,713
Ground maintenance	6,698	-	-	6,698
Miscellaneous	2,562	-	-	2,562
Snow removal	-	14,953	-	14,953
Capital outlay	-	-	5,746,956	5,746,956
Total expenditures	<u>148,875</u>	<u>14,953</u>	<u>5,992,106</u>	<u>6,155,934</u>
Net change in fund balances	94,646	460,597	(243,278)	311,965
Fund balances - beginning	<u>293,087</u>	<u>261,017</u>	<u>1,422,186</u>	<u>1,976,290</u>
Fund balances - ending	<u>\$ 387,733</u>	<u>\$ 721,614</u>	<u>\$ 1,178,908</u>	<u>\$ 2,288,255</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, 2024

Net change in fund balances - governmental funds: \$ 311,965

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	(208,364)
Capital outlay	5,863,472
Capital assets transferred to County	(16,123,526)
Capital assets transferred from governmental activities to proprietary fund	(4,457,361)

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	<u>(55,884)</u>
--	-----------------

Change in net position of governmental activities	<u><u>\$(14,669,698)</u></u>
---	------------------------------

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, 2024

	<u>Budget Amounts</u> <u>Original and</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Transfer from Spring Valley Metropolitan District No. 2	\$ 166,872	\$ 166,872	\$ -
Transfer from Spring Valley Metropolitan District No. 3	55,467	55,467	-
Transfer from Spring Valley Metropolitan District No. 4	5,157	5,157	-
Transfer from Spring Valley Metropolitan District No. 6	1,940	1,940	-
Investment income	13,000	14,085	1,085
Total revenues	<u>242,436</u>	<u>243,521</u>	<u>1,085</u>
EXPENDITURES			
Accounting	39,000	27,736	11,264
Audit	7,000	6,250	750
Election	1,000	24	976
Ground maintenance	-	6,698	(6,698)
Legal	77,000	90,224	(13,224)
Management	64,000	15,381	48,619
Miscellaneous	3,870	2,562	1,308
Emergency reserve	7,500	-	7,500
Contingency	25,000	-	25,000
Total expenditures	<u>224,370</u>	<u>148,875</u>	<u>75,495</u>
Change in fund balance	18,066	94,646	76,580
Fund balances - beginning	<u>252,755</u>	<u>293,087</u>	<u>40,332</u>
Fund balances - ending	<u>\$ 270,821</u>	<u>\$ 387,733</u>	<u>\$ 116,912</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, 2024

ASSETS

Current assets

Cash and investments	\$ 1,724,589
Accounts receivable	209,488
Prepaid expenses	46,435
Due from other governments	158,000
Total current assets	<u>2,138,512</u>

Capital assets

20,147,659

Total assets

22,286,171

LIABILITIES

Current liabilities

Accounts payable	392,646
Deposits	10,500
Total current liabilities	<u>403,146</u>

Total liabilities

403,146

NET POSITION

Net investment in capital assets	20,147,659
Unrestricted	1,735,366
Total net position	<u><u>\$ 21,883,025</u></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, 2024

OPERATING REVENUES

Water service charges	\$ 641,123
Sewer service charges	483,488
Hydrant water usage fees	31,174
Transfer fees	12,450
Meter fees	35,749
Penalties	28,022
Total operating revenues	1,232,006

OPERATING EXPENSES

Accounting	27,735
Bank fees	44
Chemicals and testing	56,522
Depreciation and amortization	525,809
Engineering	3,176
Facility maintenance and repairs	81,468
Insurance	35,910
Jetting	20,164
Legal	20,872
Locates	52,207
Major repairs and replacements	151,925
Management and billing	144,198
Meter installation	176,276
Miscellaneous	5,355
Sludge hauling	170,895
Utilities	238,232
Water and sewer general operations	216,207
Total operating expenses	1,926,995
Income (loss) from operations	(694,989)

NONOPERATING REVENUES (EXPENSES)

Reserve fees	343,000
Investment income	74,565
Insurance claim - flood damage	120,161
Transfer of capital assets - government fund	4,457,361
Transfer from District No. 5	158,000
Total nonoperating revenues (expenses)	5,153,087
Change in net position	4,458,098
NET POSITION - BEGINNING	17,424,927
NET POSITION - ENDING	\$21,883,025

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,149,521
Payments to suppliers for goods and services	(1,436,601)
Net cash provided (used) by operating activities	<u>(287,080)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital improvements	(50,019)
Reserve fees	343,000
Insurance claim proceeds	120,161
Net cash provided (used) by capital and related financing activities	<u>413,142</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	74,565
Net cash provided (used) by investing activities	<u>74,565</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

200,627

CASH AND CASH EQUIVALENTS - beginning of year

1,523,962

CASH AND CASH EQUIVALENTS - end of year

\$ 1,724,589

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

Income (loss) from operations	<u>\$ (694,989)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	525,809
Changes in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(91,485)
Prepaid expenses	(11,286)
Increase (decrease) in:	
Accounts payable	(24,129)
Deposits	9,000
Total adjustments	<u>407,909</u>
Net cash provided (used) by operating activities	<u><u>\$ (287,080)</u></u>

Noncash capital and related financing activities:

Capital assets transferred from governmental activities	<u><u>\$ 4,457,361</u></u>
---	----------------------------

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, 2024

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, 2024

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, 2024

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 Reserve 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 District. 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, 2024

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, 2024

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, 2024

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 years
Water and sewer infrastructure	20-40 years
Storm sewer	15 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 inflow of resources

In addition to liabilities, the statement of net position reports 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

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, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 3,743,440
Cash and investments - Restricted	7,400
Total cash and investments	<u>\$ 3,750,840</u>

Cash and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	\$ 106,422
Investments	3,644,418
Total cash and investments	<u>\$ 3,750,840</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, 2024, the District's cash deposits had a bank and carrying balance of \$106,422. Amounts in excess of FDIC limits throughout the year were fully collateralized.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

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, 2024, the District had the following investment:

Investment	Maturity	Amount
Colorado Liquid Assets Trust (Colotrust)	Weighted average under 60 days	<u>\$3,644,418</u>
Total investments		<u><u>\$3,644,418</u></u>

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

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). The District's investment at December 31, 2024 is in PLUS. The Trust operates similarly to a money market fund and each share of PRIME and PLUS is equal in value to \$1.00, and EDGE shares are approximately equal to \$10.00. Each portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. PLUS and Edge may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. 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. PRIME and PLUS are rated AAAM by Standard & Poor's, and EDGE is rated AAAF/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024, follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 18,915,840	\$ 2,052,618	\$ 20,968,458	\$ -
Easements and ROW	202,109	-	-	202,109
Total capital assets not being depreciated	<u>19,117,949</u>	<u>2,052,618</u>	<u>20,968,458</u>	<u>202,109</u>
Capital assets, being depreciated:				
Roads	3,411,708	4,198,425	-	7,610,133
Total capital assets being depreciated	<u>3,411,708</u>	<u>4,198,425</u>	<u>-</u>	<u>7,610,133</u>
Less accumulated depreciation for:				
Roads	1,573,036	208,364	-	1,781,400
Net capital assets being depreciated	<u>1,838,672</u>	<u>3,990,061</u>	<u>-</u>	<u>5,828,733</u>
Governmental activities capital assets, net	<u>\$ 20,956,621</u>	<u>\$ 6,042,679</u>	<u>\$ 20,968,458</u>	<u>\$ 6,030,842</u>
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 2,206,573	\$ 2,673,439	\$ 1,157,637	3,722,375
Capital assets being depreciated:				
Utilities	202,121	-	-	202,121
Water system	9,909,437	1,810,711	-	11,720,148
Sewer system	7,094,841	1,180,867	-	8,275,708
Storm sewer	382,014	-	-	382,014
Total capital assets being depreciated	<u>17,588,413</u>	<u>2,991,578</u>	<u>-</u>	<u>20,579,991</u>
Less accumulated depreciation for:				
Utilities	154,960	10,106	-	165,066
Water system	1,808,080	288,979	-	2,097,059
Sewer system	1,327,493	203,408	-	1,530,901
Strom sewer	338,365	23,316	-	361,681
Total accumulated depreciation	<u>3,628,898</u>	<u>525,809</u>	<u>-</u>	<u>4,154,707</u>
Net capital assets being depreciated	<u>13,959,515</u>	<u>2,465,769</u>	<u>-</u>	<u>16,425,284</u>
Business-type activities capital assets, net	<u>\$ 16,166,088</u>	<u>\$ 5,139,208</u>	<u>\$ 1,157,637</u>	<u>\$ 20,147,659</u>
Total Net Capital Assets	<u>\$ 37,122,709</u>	<u>\$ 11,181,887</u>	<u>\$ 22,126,095</u>	<u>\$ 26,178,501</u>

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.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

Depreciation expense was charged to District functions as follows:

General government	\$208,364
Water and sewer	\$525,809

NOTE 5 – LONG-TERM OBLIGATIONS

Following is an analysis of changes in long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Developer advances:					
Facilities Funding and Acquisition Agreement	\$ 877,526	\$ -	\$ -	\$ 877,526	\$ -
Accrued interest	1,588,077	55,884	-	1,643,961	-
Total developer advances	\$ 2,465,603	\$ 55,884	\$ -	\$ 2,521,487	\$ -

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).

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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 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, 2024, the District had \$877,526 of developer advances payable under the MG FFAA, and \$1,643,961 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

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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.

At elections held in 2001 and 2004, District voters authorized the issuance of \$97,250,000 in G.O. Debt, plus \$2,000,000 in operations and maintenance debt, plus \$97,250,000 in refunding debt, plus \$77,250,000 in intergovernmental agreements as debt, for a total of \$273,750,000 in voted debt authorization (collectively, the "Voted Debt Authorization"). The District has more Voted Debt Authorization than the Individual Service Plan Debt Limit because at the time of the elections, the actual costs of construction were not known. Without knowing the costs of construction or the amount of debt to be issued by the District, the District voted a best estimate of the amount that might be needed for each power (such as water, sewer or streets).

Although the District's Voted Debt Authorization is more than the Individual Service Plan Debt Limit, in no event is the District authorized to issue debt in an amount that is in excess of the Individual Service Plan Debt Limit, and in no event are the Districts authorized to issue debt in an aggregate amount that is in excess of the Aggregate Service Plan Debt Limit.

As of December 31, 2024, 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; and District No. 6 had issued \$15,070,000 in G.O. Debt. Thus, at December 31, 2024, 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 \$195,637,975.

In 2025, District No. 5 issued \$15,318,000 in G.O. Debt. Thus, as of April 11, 2025, 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, 2024, the District had net investment in capital assets in the amount of \$23,657,014.

Restricted assets include net position that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

imposed by law through constitutional provisions or enabling legislation. At December 31, 2024, the District had restricted net position of \$7,400 for Emergency Reserves and \$721,614 restricted for road repair and replacement.

The District had unrestricted net position of \$3,294,607 at December 31, 2024.

NOTE 7 – RELATED PARTIES

As of December 31, 2024, three of the four occupied 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.

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

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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").

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

On July 19, 2007, the District entered into a Facilities Funding, Construction and Operations Agreement with District No. 2, District No. 3, and District No. 4, which all parties subsequently replaced in its entirety on November 21, 2019, pursuant to a First Amended and Restated Facilities Funding, Construction and Operations Agreement, which was again replaced in its entirety on October 21, 2021, pursuant to a Second Amended and Restated Facilities Funding, Construction and Operations Agreement between the previous parties, District No. 5 and District No. 6 (collectively, the

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

"FFCOA"). The purpose of the FFCOA is to bind the parties thereto concerning capital expenditure 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 the District 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 acknowledge that the District is relying on their commitment to issue General Obligation Bonds and remit the net proceeds thereof to the District so it can pay for certain capital costs therein contemplated. District Nos. 2-6 also agreed to contribute to the District's costs of construction, operation and maintenance, in part, by a pledge of the mill levy imposed of those purposes.

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).

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

Outstanding Reimbursement Obligation and Infrastructure Funding Agreement

On November 21, 2019, the District, District No. 3, District No. 4, and MG Land entered into an Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement, amended by the First Amendment to same, dated September 16, 2020, all of which was subsequently replaced in its entirety on October 21, 2021, by the Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement, by and between the District, District Nos. 3-6, and MG Land (the "OROIFM"). Pursuant to the OROIFM, District No. 2 assented to the Outstanding Reimbursement Obligation (as defined therein) being transferred to the District, which MG Land released District No. 2 from its commitment to repay pursuant to the Termination of the District No. 2 MGL FFM (as defined therein). The District assumed responsibility to repay the Outstanding Reimbursement Obligation, in addition to the District's other obligations to MG Land, including, without limitation, the MGL Advances (as defined therein), which MG Land may advance to the District under the OROIFM up to the Shortfall Amount (as defined therein). Further, District Nos. 3-6 expressed their assent to District No. 1 entering into the OROIFM in reliance on their respective commitments to issue General Obligation Bonds and, pursuant to the FFCOA, remit the net proceeds of the General Obligation Bonds to District No. 1, in part to make payment to MG Land for payments under the OROIFM, including, without limitation, the Outstanding Reimbursement Obligation, Construction Related Expenses (as defined therein), and the acquisition of Facilities (as defined therein). Interest shall accrue on MGL Advances from the date of deposit into the District's account, and on Verified Costs (as defined therein) from the date incurred. Interest on MGL Advances and Verified Costs incurred prior to October 1, 2021, accrues at a rate of 8%. Interest on MGL Advances and Verified Costs incurred on or after October 1, 2021, accrues at a rate of 4%. Payments will credit first against principal due and then to accrued and unpaid interest. Any Construction Related Expenses or Verified Costs not paid or reimbursed by the District by December 31, 2059, regardless of whether they have been invoiced, including principal and interest, 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.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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.

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

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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 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

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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. 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.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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.

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

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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.

Intergovernmental Agreement Regarding Assignment of Revenues with District No. 5

In anticipation of Spring Valley Metropolitan District No. 5 ("District No. 5") issuing the District No. 5 Bonds, the District entered into an Intergovernmental Agreement Regarding Assignment of Revenues with District No. 5 dated June 16, 2022 (the "Original Revenue IGA"), pursuant to which the District and District No. 5 agreed that revenues pledged to secure payment of the District No. 5 Bonds will include the Capital Component of the District No. 1 Tap Fee and the Facilities Fees. District No. 5 issued bonds in 2025.

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.

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.

Spring Valley Metropolitan District No. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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.

Spring Valley Metropolitan District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2024

NOTE 11 – SUBSEQUENT EVENT

Intergovernmental Agreement Regarding Assignment of Revenue with District No. 5

On February 20, 2025, the District and District No. 5 entered into an Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues (the "Revenue IGA"), which amended and restated the Original Revenue IGA in its entirety, and under which the District agreed to sell, transfer, assign, quitclaim and convey to District No. 5 all right, title or interest the District may have to any portion of the Capital Component of the Tap Fee for the purpose of securing repayment of District No. 5's Bonds, such assignment to continue for so long as District No. 5's Bonds remain outstanding (the "Pledged Tap Fees"). In the Revenue IGA, the District also agreed not to reduce the rate of, nor take any other action that would adversely affect the revenue derived from the Pledged Tap Fees without the prior written consent of District No. 5 or such other parties whose consent is required pursuant to the Indenture for District No. 5's Bonds. The District further covenanted for the benefit of District No. 5 to enforce the collection of any Tap Fee not paid when due to the full extent provided by the District's Tap Fee Resolution and application of rules and regulations with respect to non-payment of a Tap Fee, and shall deliver to the District No. 5 Bond Trustee all Pledged Tap Fees derived from such enforcement activity.

* * * * *

SUPPLEMENTARY INFORMATION

Spring Valley Metropolitan District No. 1

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

For the Year Ended December 31, 2024

	Budget Amounts		Variance with Final Budget - Positive (Negative)
	Original and Final	Actual Amounts	
REVENUES			
Road reserve fees - District No. 2	\$ 104,580	\$ 71,808	\$ (32,772)
Road reserve fees - District No. 4	224,400	243,152	18,752
Road reserve fees - District No. 6	157,080	137,888	(19,192)
Investment income	21,000	22,702	1,702
Total revenues	507,060	475,550	(31,510)
EXPENDITURES			
Snow removal	20,000	14,953	5,047
Contingency	100,000	-	100,000
Total expenditures	120,000	14,953	105,047
Net change in fund balances	387,060	460,597	73,537
Fund balances - beginning	226,000	261,017	35,017
Fund balances - ending	\$ 613,060	\$ 721,614	\$ 108,554

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, 2024

	<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. 6	\$ 4,750,683	\$ 5,676,514	\$ 925,831
Investment income	62,500	22,314	(40,186)
Other income	-	50,000	50,000
Total revenues	<u>4,813,183</u>	<u>5,748,828</u>	<u>935,645</u>
EXPENDITURES			
Accounting	20,000	12,451	7,549
Engineering	140,000	173,705	(33,705)
Legal	50,000	57,662	(7,662)
Management	-	1,332	(1,332)
Capital Outlay	7,901,305	5,746,956	2,154,349
Total expenditures	<u>8,111,305</u>	<u>5,992,106</u>	<u>2,119,199</u>
Excess of expenditures over (under) revenues	<u>(3,298,122)</u>	<u>(243,278)</u>	<u>3,054,844</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	799,824	-	(799,824)
Total other financing sources (uses)	<u>799,824</u>	<u>-</u>	<u>(799,824)</u>
Net change in fund balances	<u>(2,498,298)</u>	<u>(243,278)</u>	<u>2,255,020</u>
Fund balances - beginning	<u>2,498,298</u>	<u>1,422,186</u>	<u>(1,076,112)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,178,908</u>	<u>\$ 1,178,908</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, 2024

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual</u>	
REVENUES			
Water service charges	\$ 500,500	\$ 641,123	\$ 140,623
Sewer service charges	432,700	467,958	35,258
Hydrant water usage fees	50,000	31,174	(18,826)
Transfer fees	5,000	12,450	7,450
Meter fees	20,000	35,749	15,749
Inspection fees	8,000	15,530	7,530
Penalties	6,000	28,022	22,022
Reserve fees	420,000	343,000	(77,000)
Intergovernmental revenue	-	158,000	158,000
Investment income	46,000	74,565	28,565
Insurance claim - flood damage	5,000	120,161	115,161
Total revenues	<u>1,493,200</u>	<u>1,927,732</u>	<u>434,532</u>
EXPENDITURES			
Accounting	27,000	27,735	(735)
Bank fees	1,500	44	1,456
Capital outlay / major repairs and replacements	525,000	201,944	323,056
Chemicals and testing	80,000	56,522	23,478
Engineering	1,000	3,176	(2,176)
Facility maintenance and repairs	350,000	81,468	268,532
Insurance	38,000	35,910	2,090
Jetting	43,120	20,164	22,956
Legal	16,000	20,872	(4,872)
Locates	67,000	52,207	14,793
Management and billing	114,000	144,198	(30,198)
Meter installation	45,000	176,276	(131,276)
Miscellaneous	7,200	5,355	1,845
Sludge hauling	165,620	170,895	(5,275)
Utilities	178,500	238,232	(59,732)
Water and sewer general operations	194,000	216,207	(22,207)
Contingency	100,000	-	100,000
Total expenditures	<u>1,952,940</u>	<u>1,451,205</u>	<u>501,735</u>
Excess (Deficit) of revenues over (Under) expenditures	<u>(459,740)</u>	<u>476,527</u>	<u>936,267</u>
FUNDS AVAILABLE - Beginning of year	<u>1,145,799</u>	<u>1,258,839</u>	<u>113,040</u>
FUNDS AVAILABLE - End of year	<u>\$ 686,059</u>	<u>\$ 1,735,366</u>	<u>\$ 1,049,307</u>

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

Revenues (budgetary basis)	\$ 1,927,732
Transfer of capital assets from government fund	4,457,361
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>6,385,093</u>
Expenditures (budgetary basis)	1,451,205
Capital outlay	(50,019)
Depreciation and amortization	525,809
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,926,995</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 4,458,098</u>