

**Spring Valley Metropolitan District No. 4  
Elbert County, Colorado**

**FINANCIAL STATEMENTS**

**December 31, 2024**

**Spring Valley Metropolitan District No. 4**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Spring Valley Metropolitan District No. 4  
Elbert County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Valley Metropolitan District No. 4 (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 and each major fund of the District as of December 31, 2024, and the respective changes in financial position 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.

**Other Matters**

*Economic Dependency*

As disclosed in Note 10 to the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer for funding continued operations.

*Fiscal Focus Partners, LLC*

Arvada, Colorado  
July 25, 2025

## **BASIC FINANCIAL STATEMENTS**

**Spring Valley Metropolitan District No. 4**  
**STATEMENT OF NET POSITION**  
**December 31, 2024**

**Governmental  
Activities**

**ASSETS**

|                                   |    |                  |
|-----------------------------------|----|------------------|
| Cash and investments              | \$ | 8,793            |
| Cash and investments - Restricted |    | 1,361,028        |
| Receivable from County Treasurer  |    | 418              |
| Prepaid expense                   |    | 3,908            |
| Property taxes receivable         |    | 201,896          |
| <b>Total assets</b>               |    | <b>1,576,043</b> |

**LIABILITIES**

|                           |  |                   |
|---------------------------|--|-------------------|
| Accounts payable          |  | 7,493             |
| Accrued interest          |  | 38,690            |
| Noncurrent liabilities    |  |                   |
| Due within one year       |  | 5,000             |
| Due in more than one year |  | 23,711,242        |
| <b>Total liabilities</b>  |  | <b>23,762,425</b> |

**DEFERRED INFLOWS OF RESOURCES**

|  |  |                |
|--|--|----------------|
| Property tax revenue                       |  | 201,896        |
| <b>Total deferred inflows of resources</b> |  | <b>201,896</b> |

**NET POSITION**

|                           |  |                        |
|---------------------------|--|------------------------|
| Restricted for:           |  |                        |
| Emergency reserves        |  | 2,300                  |
| Debt service              |  | 1,359,079              |
| Unrestricted              |  | (23,749,657)           |
| <b>Total net position</b> |  | <b>\$ (22,388,278)</b> |

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

Spring Valley Metropolitan District No. 4

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

| <u>Functions/Programs</u>                    | <u>Expenses</u>     | <u>Program Revenue</u>      |   | <u>Governmental Activities</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--|---------------------|-----------------------------|---|--------------------------------|--|
|  |                     | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |                                |  |
| <b>Governmental Activities:</b>              |                     |                             |   |                                |  |
| General government                           | \$ 52,429           | \$ -                        | \$ -                                      | \$ -                           | \$ (52,429)  |
| Interest on long-term debt and related costs | 1,273,270           | -                           | -   | 1,027,650                      | (245,620)  |
| <b>Total governmental activities</b>         | <b>\$ 1,325,699</b> | <b>\$ -</b>                 | <b>\$ -</b>                               | <b>\$ 1,027,650</b>            | <b>(298,049)</b>   |
| <b>General revenues:</b>                     |                     |                             |   |                                |  |
| Property taxes                               |                     |                             |   |                                | 42,702   |
| Specific ownership taxes                     |                     |                             |   |                                | 5,495  |
| Investment income                            |                     |                             |   |                                | 78,422   |
| <b>Total general revenues</b>                |                     |                             |   |                                | <b>126,619</b>   |
| <b>Change in net position</b>                |                     |                             |   |                                | <b>(171,430)</b>   |
| Net position - beginning                     |                     |                             |   |                                | (22,216,848)   |
| Net position - ending                        |                     |                             |   |                                | <b>\$ (22,388,278)</b>                                   |

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

**Spring Valley Metropolitan District No. 4**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2024**

|   | <b>General Fund</b> | <b>Debt Service<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---------------------|------------------------------|---|
| <b>ASSETS</b>   |                     |                              |   |
| Cash and investments  | \$ 8,793            | \$ -                         | \$ 8,793                                |
| Cash and investments - Restricted   | 2,300               | 1,358,728                    | 1,361,028                               |
| Receivable from county treasurer  | 67                  | 351                          | 418                                     |
| Prepaid expense   | 3,908               | -                            | 3,908                                   |
| Property taxes receivable   | 29,577              | 172,319                      | 201,896                                 |
| <b>Total assets</b>   | <b>\$ 44,645</b>    | <b>\$ 1,531,398</b>          | <b>\$ 1,576,043</b>                     |
| <b>LIABILITIES</b>  |                     |                              |   |
| Accounts payable  | \$ 7,493            | \$ -                         | \$ 7,493                                |
| <b>Total liabilities</b>  | <b>7,493</b>        | <b>-</b>                     | <b>7,493</b>                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                              |   |
| Property tax revenue  | 29,577              | 172,319                      | 201,896                                 |
| <b>Total deferred inflows of resources</b>                                    | <b>29,577</b>       | <b>172,319</b>               | <b>201,896</b>                          |
| <b>FUND BALANCES</b>  |                     |                              |   |
| Nonspendable:   |                     |                              |   |
| Prepaid amounts   | 3,908               | -                            | 3,908                                   |
| Restricted for:   |                     |                              |   |
| Emergencies   | 2,300               | -                            | 2,300                                   |
| Debt service  | -                   | 1,359,079                    | 1,359,079                               |
| Unassigned  | 1,367               | -                            | 1,367                                   |
| <b>Total fund balances</b>  | <b>7,575</b>        | <b>1,359,079</b>             | <b>1,366,654</b>                        |
| <b>Total liabilities, deferred inflows of resources<br/>and fund balances</b> | <b>\$ 44,645</b>    | <b>\$ 1,531,398</b>          |   |

Amounts reported for governmental activities in the statement of net position are different because:

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

|  |                        |
|--|------------------------|
| Bonds payable                                | (14,761,000)           |
| Unamortized bond premium                     | (22,075)               |
| Accrued interest                             | (38,690)               |
| Accrued unpaid interest on subordinate bonds | (2,134,981)            |
| Developer advance payable                    | (6,321,265)            |
| Accrued interest on developer advance        | (476,921)              |
| Net position of governmental activities      | <b>\$ (22,388,278)</b> |

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

**Spring Valley Metropolitan District No. 4**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2024**

|   | <b>General<br/>Fund</b> | <b>Debt Service<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|------------------------------|---|
| <b>Revenues</b>                                     |                         |                              |   |
| Property taxes                                      | \$ 6,930                | \$ 35,772                    | \$ 42,702                               |
| Specific ownership taxes                            | 886                     | 4,609                        | 5,495                                   |
| Facility fees                                       | -                       | 201,450                      | 201,450                                 |
| Tap fees  | -                       | 826,200                      | 826,200                                 |
| Investment income                                   | 3,662                   | 74,760                       | 78,422                                  |
| <b>Total revenues</b>                               | <u>11,478</u>           | <u>1,142,791</u>             | <u>1,154,269</u>                        |
| <b>Expenditures</b>                                 |                         |                              |   |
| Current   |                         |                              |   |
| Accounting  | 17,254                  | -                            | 17,254                                  |
| Audit   | 6,250                   | -                            | 6,250                                   |
| Bank fees   | -                       | 2,714                        | 2,714                                   |
| County Treasurer's fees                             | 9                       | 45                           | 54                                      |
| Insurance and bonds                                 | 4,380                   | -                            | 4,380                                   |
| Legal services                                      | 13,396                  | -                            | 13,396                                  |
| Management  | 5,593                   | -                            | 5,593                                   |
| Miscellaneous                                       | 390                     | -                            | 390                                     |
| Payment to Distrct No. 1                            | 5,157                   | -                            | 5,157                                   |
| Debt Service  |                         |                              |   |
| Interest on bonds                                   | -                       | 464,275                      | 464,275                                 |
| Paying agent fees                                   | -                       | 7,000                        | 7,000                                   |
| <b>Total expenditures</b>                           | <u>52,429</u>           | <u>474,034</u>               | <u>526,463</u>                          |
| <b>Excess of revenues over (under) expenditures</b> | <u>(40,951)</u>         | <u>668,757</u>               | <u>627,806</u>                          |
| <b>Other financing sources (uses)</b>               |                         |                              |   |
| Developer advance (repayment)                       | 65,000                  | -                            | 65,000                                  |
| <b>Total other financing sources and (uses)</b>     | <u>65,000</u>           | <u>-</u>                     | <u>65,000</u>                           |
| <b>Net change in fund balances</b>                  | 24,049                  | 668,757                      | 692,806                                 |
| <b>Fund balances (deficit) - beginning</b>          | <u>(16,474)</u>         | <u>690,322</u>               | <u>673,848</u>                          |
| <b>Fund balances - ending</b>                       | <u>\$ 7,575</u>         | <u>\$ 1,359,079</u>          | <u>\$ 1,366,654</u>                     |

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

**Spring Valley Metropolitan District No. 4**

**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: \$ 692,806

Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g. bonds, 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 follows:

Developer operations advance (65,000)

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.

Amortization of bond premium 1,212  
Accrued interest on developer advance payable - change in liability (252,220)  
Accrued interest on subordinate bonds - change in liability (548,228)

Change in net position of governmental activities \$ (171,430)

**Spring Valley Metropolitan District No. 4**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended December 31, 2024**

|   | <b>Original<br/>and Final<br/>Budget<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|---------------------------|---|
| <b>REVENUES</b>                             |  |                           |   |
| Property taxes                              | \$ 6,930   | \$ 6,930                  | \$ -  |
| Specific ownership taxes                    | 688  | 886                       | 198   |
| Investment income                           | 400  | 3,662                     | 3,262   |
| <b>Total revenues</b>                       | <u>8,018</u>   | <u>11,478</u>             | <u>3,460</u>  |
| <b>EXPENDITURES</b>                         |  |                           |   |
| Accounting                                  | 15,000   | 17,254                    | (2,254)   |
| Audit                                       | 7,000  | 6,250                     | 750   |
| County Treasurer's fees                     | 206  | 9                         | 197   |
| Election                                    | 1,000  | -                         | 1,000   |
| Insurance and bonds                         | 4,200  | 4,380                     | (180)   |
| Legal services                              | 11,000   | 13,396                    | (2,396)   |
| Management                                  | 10,000   | 5,593                     | 4,407   |
| Miscellaneous                               | 1,240  | 390                       | 850   |
| Payment to District No. 1                   | 5,157  | 5,157                     | -   |
| Emergencies                                 | 3,000  | -                         | 3,000   |
| Contingency                                 | 25,000   | -                         | 25,000  |
| <b>Total expenditures</b>                   | <u>82,803</u>  | <u>52,429</u>             | <u>30,374</u>   |
| <b>Excess of revenues over expenditures</b> | <u>(74,785)</u>                                      | <u>(40,951)</u>           | <u>33,834</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>       |  |                           |   |
| Developer advance                           | 75,000   | 65,000                    | (10,000)  |
| <b>Total other financing sources (uses)</b> | <u>75,000</u>  | <u>65,000</u>             | <u>(10,000)</u>   |
| <b>Change in fund balance</b>               | 215  | 24,049                    | 23,834  |
| <b>Fund balances (deficit) - beginning</b>  | <u>7,582</u>   | <u>(16,474)</u>           | <u>(24,056)</u>   |
| <b>Fund balances - ending</b>               | <u>\$ 7,797</u>                                      | <u>\$ 7,575</u>           | <u>\$ (222)</u>   |

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

## Spring Valley Metropolitan District No. 4

### NOTES TO FINANCIAL STATEMENTS

December 31, 2024

#### NOTE 1 – DEFINITION OF REPORTING ENTITY

Spring Valley Metropolitan District No. 4 (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. 1 ("District No. 1"), Spring Valley Metropolitan District No. 2 ("District No. 2"), Spring Valley Metropolitan District No. 3 ("District No. 3"), 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. The District and District Nos. 2, 3, 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. 4**

**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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 days of the end of the current fiscal period. The major sources of revenue susceptible

## Spring Valley Metropolitan District No. 4

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

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 Debt Service Fund* is used to account for the accumulation of resources for, and payment of, long-term bond obligations and developer advance principal, interest and related costs.

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.

#### **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.

#### **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

## **Spring Valley Metropolitan District No. 4**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2024**

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.

#### **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.

The District amended its annual budget for the year ended December 31, 2024.

#### **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 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.

#### **Capital Assets**

All capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Most capital assets acquired have been or will be dedicated to other local governments in accordance with the District's service plan.

## Spring Valley Metropolitan District No. 4

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

#### 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 or 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.

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.

#### 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.

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2024**

**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              | \$ 8,793                   |
| Cash and investments - Restricted | 1,361,028                  |
| Total cash and investments        | <u><u>\$ 1,369,821</u></u> |

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

|                                      |                            |
|--------------------------------------|----------------------------|
| Deposits with financial institutions | \$ 11,586                  |
| Investments                          | 1,358,235                  |
| Total cash and investments           | <u><u>\$ 1,369,821</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, 2024, the District's cash deposits had a bank balance and carrying balance of \$11,586.

**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 credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2024**

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 five years or less 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, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse 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:

| <b>Investment</b>  | <b>Maturity</b>                | <b>Amount</b>              |
|--|--------------------------------|----------------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted average under 60 days | <u>\$ 1,358,235</u>        |
| Total investments  |                                | <u><u>\$ 1,358,235</u></u> |

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios - COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate 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

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2024**

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 investment 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 2024.

**NOTE 4 – LONG-TERM OBLIGATIONS**

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

|  | Balance at<br>December 31,<br>2023 (restated) | Additions         | Reductions      | Balance at<br>December 31,<br>2024 | Due<br>Within<br>One Year |
|--|---|-------------------|-----------------|------------------------------------|---------------------------|
| General Obligation Bonds:                |   |                   |                 |                                    |                           |
| G.O. Bonds 2020A                         | \$ 9,140,000                                  | \$ -              | \$ -            | \$ 9,140,000                       | \$ 5,000                  |
| G.O. Bonds 2020A<br>Premium              | 23,287  | -                 | 1,212           | 22,075                             | -                         |
| G.O. Bonds 2020B                         | 5,621,000                                     | -                 | -               | 5,621,000                          | -                         |
| Accrued unpaid interest 2020B            | 1,586,752                                     | 548,228           | -               | 2,134,980                          | -                         |
| Other Long-Term Debt:                    |   |                   |                 |                                    |                           |
| Developer advance - operating            | 140,000                                       | 65,000            | -               | 205,000                            | -                         |
| Developer advance - capital              | 6,116,265                                     | -                 | -               | 6,116,265                          | -                         |
| Accrued interest -<br>Developer advances | 224,702                                       | 252,220           | -               | 476,922                            | -                         |
| Total long-term obligations              | <u>\$ 22,852,006</u>                          | <u>\$ 865,448</u> | <u>\$ 1,212</u> | <u>\$ 23,716,242</u>               | <u>\$ 5,000</u>           |

## Spring Valley Metropolitan District No. 4

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

#### **\$9,140,000 Series 2020A Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A and \$5,621,000 Series 2020B Subordinate Limited Tax General Obligation Bonds, Series 2020B**

On August 12, 2020, the District issued \$9,140,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A (Series 2020A Bonds) and \$5,621,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B (Series 2020B Bonds), together (the Bonds). Proceeds from the sale of the Bonds will be used for the purpose of funding a portion of the costs of acquiring, constructing and/or installing certain public improvements, and, with respect to the Series 2020A Bonds only, paying the cost of issuance of the Bonds, funding a reserve fund and funding capitalized interest.

The Series 2020A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2025 and are subject to optional redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on September 1, 2025, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%. The Series 2020A Bonds are secured by the Senior Property Tax Revenue, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, all pledged Capital Fees and any other legally available moneys as determined by the District. The Series 2020A Bonds are further secured by the Senior Reserve Fund in the amount of \$723,250, Capitalized Interest Fund and moneys accumulated in the Surplus Fund, if any.

The Series 2020B Bonds are subject to optional and mandatory redemption prior to maturity at prices and upon the terms set forth in the Limited Offering Memorandum. The Series 2020B Bonds are secured by the Subordinate Property Tax Revenue, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, Subordinate Capital Fee Revenue, amounts in the 2020A Surplus Fund upon termination of such fund pursuant to the terms of the Series 2020A Indenture and any other legally available monies as determined by the District.

The Series 2020B Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. In the event any amounts due and owing on the Series 2020B Bonds remain outstanding on December 15, 2060 such amounts shall be deemed discharged and shall no longer be due and outstanding.

Interest on the Series 2020A Bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2020 at the rate of 5.00% for the Series 2020A Bonds maturing through December 1, 2040, and 5.125% for the for the Series 2020A Bonds maturing December 1, 2041 through December 1, 2050.

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2024**

Interest on the Series 2020B Bonds is payable annually to the extent Subordinate Pledged Revenue is available, on December 15, each year at a rate of 7.625%.

**Bond Maturities**

Annual debt service requirements to maturity for the 2020A bonds are as follows:

| Year Ended<br>December 31, | Principal           | Interest            | Total                |
|----------------------------|---------------------|---------------------|----------------------|
| 2025                       | \$ 5,000            | \$ 464,275          | \$ 469,275           |
| 2026                       | 120,000             | 464,025             | 584,025              |
| 2027                       | 125,000             | 458,025             | 583,025              |
| 2028                       | 145,000             | 451,775             | 596,775              |
| 2029                       | 150,000             | 444,525             | 594,525              |
| 2030-2034                  | 990,000             | 2,093,625           | 3,083,625            |
| 2035-2039                  | 1,430,000           | 1,804,625           | 3,234,625            |
| 2040-2044                  | 2,015,000           | 1,388,944           | 3,403,944            |
| 2045-2049                  | 2,770,000           | 799,244             | 3,569,244            |
| 2050                       | 1,390,000           | 71,238              | 1,461,238            |
|                            | <u>\$ 9,140,000</u> | <u>\$ 8,440,301</u> | <u>\$ 17,580,301</u> |

A schedule for the Series 2020B Bonds is not presented as the repayment of those bonds is subject to cash availability.

**Developer Advances**

The developer of the area within the District has advanced funds to the District for operating and construction needs (see Note 6 for descriptions of the agreements). Reimbursement of these advances are made as funds are available and as allowed by the bond indenture. Repayment of principal and interest is subject to available revenues. Therefore, interest and principal maturities are not reflected in this section.

**Debt Authorization**

The District, along with Spring Valley Metropolitan District Nos. 1, 2, 3, 5, and 6 (collectively the "Districts"), were organized to provide services to their respective service areas pursuant to their service plans. 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 an election held in 2005, District voters authorized the issuance of \$57,000,000 general obligation public improvement debt ("G.O. Debt"), plus \$1,000,000 in operations and maintenance debt, plus \$57,000,000 in refunding debt, plus

## Spring Valley Metropolitan District No. 4

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2024

\$57,000,000 in intergovernmental agreements as debt, for a total of \$172,000,000 in voted debt authorization (collectively, the "Voted Debt Authorization"). 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).

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, District No. 1 had not issued any debt; District No. 2 had issued \$17,795,025 in G.O. Debt; District No. 3 had issued \$6,736,000 in G.O. Debt; the District 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 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 5 – NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

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, 2024, the District had restricted net position of \$2,300 for emergency reserves and \$1,359,079 for debt service.

The District had unrestricted net position (deficit) of \$(23,749,657) at December 31, 2024. The deficit is the result of the District's responsibility for debt used to finance infrastructure constructed by District No. 1.

#### **NOTE 6 – DISTRICT AGREEMENTS**

##### **Facilities Funding, Construction, and Operations Agreement**

On July 19, 2007, the District entered into a Facilities Funding, Construction and Operations Agreement with District No. 1, District No. 2, and District No. 3, 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 "FFCOA"). The purpose of the FFCOA is to bind the parties thereto concerning capital

## **Spring Valley Metropolitan District No. 4**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2024**

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 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 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 District No. 1's costs of construction, operation and maintenance, in part, by a pledge of the mill levy imposed of those purposes.

#### **Outstanding Reimbursement Obligation and Infrastructure Funding Agreement**

On November 21, 2019, the District, District No. 1, District No. 3, 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 No. 1, District Nos. 3, 5, and 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 District No. 1, 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). District No. 1 assumed responsibility to repay the Outstanding Reimbursement Obligation, in addition to District No. 1's other obligations to MG Land, including, without limitation, the MGL Advances (as defined therein), which MG Land may advance to District No. 1 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 District No. 1'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 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,

## **Spring Valley Metropolitan District No. 4**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2024**

including principal and interest, shall be deemed forever discharged and satisfied in full.

#### **Fee Resolution**

On March 9, 2020, the District and District No. 1 adopted Joint Resolution 2020-03-04 Authorizing Collection of the Capital Component of Tap Fees for Repayment of Bonds dated August 22, 2019, whereby the District was authorized to collect and use the Capital Component (as defined therein) of the Tap Fees (as defined therein) for repayment of the District's Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A, and Subordinate Limited Tax General Obligation Bonds, Series 2020B issuance, which closed August 12, 2020.

#### **Third Amended and Restated Operation Funding Agreement**

The District and Spring Valley Land Investments, LLC ("Spring Valley Land") entered into that certain Third Amended and Restated Operation Funding Agreement on November 21, 2024 (the OFA). The purpose of the OFA is to facilitate advances from Spring Valley Land to the District in order to fund the District's operation, maintenance, and administrative costs up to the aggregate Shortfall Amount of \$350,000 for fiscal years 2020 through 2025. Pursuant to the terms of the OFA, the District agrees to reimburse Spring Valley Land for advances contemplated under the OFA that were made prior to August 3, 2020, at a rate of 8% per annum, and to reimburse Spring Valley Land for advances made on or after August 3, 2020, at a rate of 4% per annum. As of December 31, 2024, the outstanding balance due under this agreement is \$205,000 in principal and \$18,453 in accrued interest.

#### **First Amended and Restated 2020-2025 Facilities Funding and Acquisition Agreement**

The District and Spring Valley Land entered into that certain Amended and Restated 2020-2025 Facilities Funding and Acquisition Agreement dated and effective October 21, 2021, as amended by that certain First Amendment to Amended and Restated 2020-2025 Facilities Funding and Acquisition Agreement, dated November 17, 2022 (the "FFA"). The purpose of the FFA is to facilitate advances from Spring Valley Land to the District in order to fund the Construction Related Expenses (as defined therein) and/or the District's acquisition of certain Improvements (as defined therein). Thereunder, Spring Valley Land agreed to make advances covering the aforementioned costs up to the Shortfall Amount of \$8,000,000 for fiscal years 2020-2025. The District agreed to reimburse Spring Valley Land plus interest at a rate of 4% per annum. As of December 31, 2024, the outstanding balance due under this agreement is \$6,116,265 in principal and \$458,469 in accrued interest.

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**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 – 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 9 – 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 May 4, 2004, 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.

**Spring Valley Metropolitan District No. 4**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2024**

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.

**NOTE 10 – ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

\* \* \* \* \*

## **SUPPLEMENTARY INFORMATION**

Spring Valley Metropolitan District No. 4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

|                                  | Original<br>Budget<br>Amounts | Final<br>Budget<br>Amounts | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|----------------------------------|-------------------------------|----------------------------|---------------------|---|
| <b>REVENUES</b>                  |                               |                            |                     |   |
| Property taxes                   | \$ 35,773                     | \$ 35,773                  | \$ 35,772           | \$ (1)  |
| Specific ownership taxes         | 3,577                         | 3,577                      | 4,609               | 1,032   |
| Facility fees                    | 197,500                       | 276,500                    | 201,450             | (75,050)  |
| Tap fees                         | 810,000                       | 1,134,000                  | 826,200             | (307,800)   |
| Investment income                | 37,100                        | 100,000                    | 74,760              | (25,240)  |
| <b>Total revenues</b>            | <u>1,083,950</u>              | <u>1,549,850</u>           | <u>1,142,791</u>    | <u>(407,059)</u>  |
| <b>EXPENDITURES</b>              |                               |                            |                     |   |
| Bank fees                        | 100                           | 100                        | 2,714               | (2,614)   |
| County Treasurer's fees          | 1,073                         | 1,073                      | 45                  | 1,028   |
| Interest on bonds                | 464,275                       | 584,749                    | 464,275             | 120,474   |
| Paying agent fees                | 7,000                         | 7,000                      | 7,000               | -   |
| Contingency                      | 10,000                        | 10,000                     | -                   | 10,000  |
| <b>Total expenditures</b>        | <u>482,448</u>                | <u>602,922</u>             | <u>474,034</u>      | <u>128,888</u>  |
| <b>Change in fund balance</b>    | 601,502                       | 946,928                    | 668,757             | (278,171)   |
| <b>Fund balances - beginning</b> | <u>674,227</u>                | <u>690,322</u>             | <u>690,322</u>      | <u>-</u>  |
| <b>Fund balances - ending</b>    | <u>\$ 1,275,729</u>           | <u>\$ 1,637,250</u>        | <u>\$ 1,359,079</u> | <u>\$ (278,171)</u>                                       |