Spring Valley Metropolitan District No. 5
Elbert County, Colorado

FINANCIAL STATEMENTS

December 31, 2025

Spring Valley Metropolitan District No. 5

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spring Valley Metropolitan District No. 5
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. 5 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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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 8 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 21, 2026

BASIC FINANCIAL STATEMENTS

Spring Valley Metropolitan District No. 5

STATEMENT OF NET POSITION

December 31, 2025

		Governmental Activities
ASSETS		
Cash and investments	$	29,156
Cash and investments - restricted		15,878,450
Prepaid expense		7,691
Property taxes receivable		717
Total assets		15,916,014
LIABILITIES		
Accounts payable		33,714
Due to county treasurer		2,477
Due to other governments		20,479
Noncurrent liabilities		
Due in more than one year		15,187,910
Total liabilities		15,244,580
DEFERRED INFLOWS OF RESOURCES		
Property tax revenue		717
Total deferred inflows of resources		717
NET POSITION		
Restricted for:		
Emergency reserves		1,450
Capital projects		15,842,551
Debt Service		13,670
Unrestricted		(15,186,954)
Total net position	$	670,717

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

Spring Valley Metropolitan District No. 5

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

		Program Revenue			Net (Expense) Revenue and Change in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities:					
General government	$ 94,325	$ -	$ -	$ -	$ (94,325)
Interest on long-term debt and related costs	1,466,590	-	-	1,209,000	(257,590)
Total governmental activities	$ 1,560,915	$ -	$ -	$ 1,209,000	(351,915)
	General revenues:				
	Property taxes				1,750
	Specific ownership taxes				717
	Investment income				443,802
	Total general revenues				446,269
	Change in net position				94,354
	Net position - beginning				576,363
	Net position - ending				$ 670,717

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

Spring Valley Metropolitan District No. 5

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ 29,156	$ -	$ -	$ 29,156
Cash and investments - restricted	1,450	13,970	15,863,030	15,878,450
Prepaid expense	7,691	-	-	7,691
Property taxes receivable	111	606	-	717
Total assets	$ 38,408	$ 14,576	$ 15,863,030	$ 15,916,014
LIABILITIES				
Accounts payable	$ 33,714	$ -	$ -	$ 33,714
Due to county treasurer	2,177	300	-	2,477
Due to other governments	-	-	20,479	20,479
Total liabilities	35,891	300	20,479	56,670
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	111	606	-	717
Total deferred inflows of resources	111	606	-	717
FUND BALANCES				
Nonspendable:				
Prepaid amounts	7,691	-	-	7,691
Restricted for:				
Emergencies	1,450	-	-	1,450
Debt service	-	13,670	-	13,670
Capital projects	-	-	15,842,551	15,842,551
Unassigned	(6,735)	-	-	(6,735)
Total fund balances	2,406	13,670	15,842,551	15,858,627
Total liabilities, deferred inflows of resources and fund balances	$ 38,408	$ 14,576	$ 15,863,030	
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				(14,986,000)
Accrued interest				(84,296)
Developer advance payable				(110,459)
Accrued interest on developer advance				(7,155)
Net position of governmental activities				$ 670,717

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

Spring Valley Metropolitan District No. 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	$ 1,750	$ -	$ -	$ 1,750
Specific ownership taxes	717	-	-	717
Investment income	3,829	27,049	412,924	443,802
Facility fees	-	237,000	-	237,000
Tap fees	-	972,000	-	972,000
Total revenues	6,296	1,236,049	412,924	1,655,269
Expenditures				
Current				
Accounting	17,972	-	-	17,972
Audit	6,750	-	-	6,750
Bank and merchant fees	-	-	26,843	26,843
County treasurer's fees	53	-	-	53
Election	1,865	-	-	1,865
Insurance and bonds	3,742	-	-	3,742
Legal services	9,070	-	-	9,070
Mangement	7,000	-	-	7,000
Miscellaneous	346	-	-	346
Transfer to District No. 1	205	237,000	20,479	257,684
Debt service				
Principal	-	332,000	-	332,000
Interest	-	660,589	-	660,589
Bond issuance costs	-	481,841	-	481,841
Total expenditures	47,003	1,711,430	47,322	1,805,755
Excess of revenues over (under) expenditures	(40,707)	(475,381)	365,602	(150,486)
Other financing sources (uses)				
Developer advance	44,000	-	-	44,000
Bond proceeds	-	15,318,000	-	15,318,000
Transfer (to) from other funds	-	(15,476,949)	15,476,949	-
Total other financing sources and (uses)	44,000	(158,949)	15,476,949	15,362,000
Net change in fund balances	3,293	(634,330)	15,842,551	15,211,514
Fund balances (deficit) - beginning	(887)	648,000	-	647,113
Fund balances - ending	$ 2,406	$ 13,670	$ 15,842,551	$ 15,858,627

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

Spring Valley Metropolitan District No. 5

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Net change in fund balances - governmental funds:	$ 15,211,514
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term debt (e.g. bonds, loans, developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follow:	
Developer operations advance	(44,000)
Bond proceeds	(15,318,000)
Current year bond principal payment	332,000
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.	
Accrued interest - change in liability	(84,296)
Accrued interest on Developer advance payable - change in liability	(2,864)
Change in net position of governmental activities	$ 94,354

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

Spring Valley Metropolitan District No. 5

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

For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	$ 6,026	$ 1,750	$ (4,276)
Specific ownership taxes	753	717	(36)
Investment income	100	3,829	3,729
Total revenues	6,879	6,296	(583)
EXPENDITURES			
Accounting	20,000	17,972	2,028
Audit	6,750	6,750	-
County treasurer's fees	181	53	128
Election	1,000	1,865	(865)
Insurance and bonds	4,900	3,742	1,158
Legal services	15,000	9,070	5,930
Management	10,000	7,000	3,000
Miscellaneous	600	346	254
Transfer to District No. 1	729	205	524
Contingency	25,000	-	25,000
Total expenditures	84,160	47,003	37,157
Excess of revenues over (under) expenditures	(77,281)	(40,707)	36,574
OTHER FINANCING SOURCES (USES)			
Developer advance	79,000	44,000	(35,000)
Total other financing sources (uses)	79,000	44,000	(35,000)
Change in fund balance	1,719	3,293	1,574
Fund balances (deficit) - beginning	6,609	(887)	(7,496)
Fund balances - ending	$ 8,328	$ 2,406	$ (5,922)

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

NOTE 1 – DEFINITION OF REPORTING ENTITY

Spring Valley Metropolitan District No. 5 (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. 4 ("District No. 4"), 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, 4, 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 District No. 1 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.

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 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 accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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 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, 2025.

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.

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.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	$ 29,156
Cash and investments - restricted	15,878,450
Total cash and investments	$ 15,907,606

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

Deposits with financial institutions	$ 34,323
Investments	15,873,283
Total cash and investments	$ 15,907,606

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank balance of $6,323 and carrying balance of $34,323.

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 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, 2025, the District had the following investment:

Investment	**Maturity**	**Amount**
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	$ 4,274
Invesco Short-Term Treasury	Weighted average under 43 days	6,526
InBank Project Fund Investment - Money Market		15,862,483
Total investments		$ 15,873,283

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 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 method as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly and there is no redemption notice period. The District invested in the COLOTRUST PLUS+ portfolio during 2025.

Invesco Short-Term Treasury

The Invesco Short-Term Treasury is rated AAAm by Standard & Poor's and the maturity is weighted average under 43 days. The Invesco Short-Term Treasury records its investments at fair value and the District records its investment in Invesco Short-Term Treasury using the net asset value method. The Invesco Short-Term Treasury is a money market fund with each share maintaining a value of $1.00. The money market fund invests in high quality debt securities issued by the U.S. Government.

InBank Project Fund Investment – Money Market

The InBank Project Fund Investment is a money market fund with each share maintaining a value of $1.00. The money market fund was not rated.

NOTE 4 – LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities:					
Bonds from Direct Borrowers and Direct Placements:					
General Obligation Limited Tax Bonds, Series 2025A(2)	$ -	$ 15,318,000	$ 332,000	$ 14,986,000	$ -
Accrued interest on:					
Series 2025A(2)	-	744,885	660,589	84,296	-
Subtotal of Bonds from Direct Borrowers and Direct Placements	-	16,062,885	992,589	15,070,296	-
Other Debts:					
Developer advance - operations	66,459	44,000	-	110,459	-
Accrued interest on:					
Developer advance - operations	4,291	2,864	-	7,155	-
Subtotal Other Debts	70,750	46,864	-	117,614	
Total Long-Term Obligations	$ 70,750	$ 16,109,749	$ 992,589	$ 15,187,910	$ -

General Obligation Limited Tax Bonds Series 2025A(2)

On April 11, 2025, the District issued General Obligation Limited Tax Bonds, Series 2025A(2) in the aggregate principal amount of $15,318,000 (the Bonds). The Bonds bear interest at the rate of 6.75% per annum and are structured as “cash flow” bonds, meaning that there are no scheduled payments of principal or interest prior to the final maturity date of December 1, 2054. Proceeds from the sale of the Bonds were used to i) finance Public Improvements necessary to support the Development; and ii) pay other costs incurred in connection with the issuance of the Bonds. To the extent any balances remain outstanding as of December 2, 2065 (Termination Date), such amounts are deemed discharged.

Principal on the Bonds is payable on each December 1 from and to the extent of Pledged Revenue, if any, pursuant to a mandatory redemption. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or the Termination Date and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due such interest shall compound on each interest payment date, at the rate then borne by the Bond. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2030, and on any date thereafter, upon payment of par, accrued interest and a redemption premium of 0% - 3%.

The Bonds are secured by and payable from the Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) the Required Mill Levy; (b) Pledged Tap Fees; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Pursuant to the Bond Indenture, the District has covenanted to impose a Required Mill Levy in an amount of 65 mills, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full; provided however, that if, on or after January 1, 2019, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy provided in the Indenture is to be increased or decreased to reflect such changes.

Events of default under the Bonds occur if the District does not impose the Required Mill Levy, does not apply Pledged Revenue in accordance with the Indenture, and other customary terms and conditions consistent with normal municipal financings as described in the Indenture. Upon the occurrence and continuance of an event of default, the Trustee may pursue the right of receivership or may proceed to protect and enforce the rights of the bond holders by suit for judgement or by mandamus or such other suit, action, or proceeding at law or in equity, to enforce all rights of the bond holders. However, acceleration of the Bonds shall not be an available remedy for an event of default.

The annual debt service requirements of the Bonds are not currently determinable since they are payable only to the extent of Pledged Revenue available.

Developer Advances

The developer of the area within the District has advanced funds to the District for operating needs (see Note 7 for descriptions of the agreements). Reimbursement of these advances are made as funds are available and as allowed by the bond indenture. These advances bear interest at 4.00%. 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, 4, 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.

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

As of December 31, 2025, 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; District No. 4 had issued $14,761,000 in G.O. Debt; the District had issued $15,318,000 in G.O. Debt; and District No. 6 had issued $15,070,000 in G.O. Debt. Thus, at December 31, 2025, the 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, 2025, the District had restricted net position of $1,450 for emergency reserves, $15,842,551 for capital projects and $13,670 for debt service.

The District had unrestricted net position (deficit) of $(15,186,954) at December 31, 2025. The deficit is the result of the District’s responsibility for debt used to finance infrastructure constructed by District No. 1.

NOTE 6 – RELATED PARTIES

As of December 31, 2025, some of the 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 7 – DISTRICT AGREEMENTS

Facilities Funding, Construction, and Operations Agreement

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

Amended and Restated 2021 - 2022 Operation Funding Agreement

The District and Spring Valley Land Investments II, LLC (the Developer) entered into that certain Amended and Restated 2021 - 2022 Operation Funding Agreement dated October 21, 2021, effective March 4, 2021 (the OFA). The OFA was subsequently amended on November 17, 2022 and November 21, 2024. The purpose of the OFA is to facilitate advances from the Developer to the District in order to fund the District’s operations, maintenance, and administrative costs. Thereunder, the Developer agreed to advance funds needed to fund the District’s operations, maintenance, and administrative costs up to the aggregate Shortfall Amount of $250,000 for fiscal years 2020-2025. The District agrees to reimburse the Developer for advances contemplated under the OFA at a rate of 4% per annum. As of December 31, 2025, the outstanding balance due under this agreement is $110,459 in principal and $7,155 in accrued interest.

Amended and Restated Facilities Acquisition and Reimbursement Agreement

The District and the Developer entered into that certain Amended and Restated Facilities Acquisition and Reimbursement Agreement dated October 21, 2021, effective March 4, 2021 (the FARA). The purpose of the FARA is to facilitate advances from the Developer to the District in order to fund the District’s Construction Related Expenses (defined therein) and to facilitate the District's reimbursement to the

Developer of the Organization Expenses (defined therein). Thereunder, the Developer agreed to advance funds needed to fund the Construction Related Expenses up to the aggregate Shortfall Amount of $250,000,000 for fiscal years 2021 through 2022. The District agreed to reimburse the Developer for advances the contemplated under the FARA at a rate of either 4% per annum or 6% per annum, depending on when and how such advances were made.

Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement

The District, together with District No. 1, District No. 3, District No. 4, District No. 6, and MG Land Investments, LLC (MGL), is a party to the Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement ("OROIFAA"). The OROIFAA sets forth the terms and conditions pursuant to which District No. 1 will design, construct and complete Facilities that benefit property within the service area of the Districts as contemplated by the FFCOA and MGL will advance funds to District No. 1 (MGL Advances) necessary to cover shortfalls in construction-related expenses incurred by District No. 1. The OROIFAA also sets for the terms and conditions pursuant to which District No. 1 may acquire Facilities constructed by MGL, including verified costs incurred by MGL (Verified Costs). The OROIFAA provides that District No. 1 will reimburse MGL for (i) MGL Advances, (ii) Verified Costs and (iii) outstanding amounts MGL advanced to District No. 2 for construction-related costs, the reimbursement obligation for which was transferred to District No. 1 with the consent of the other Districts and MGL. Interest accrues on MGL Advances and Verified Costs incurred prior to October 1, 2021, at 8% and thereafter at 4%. District No. 1's reimbursement obligation is subject to receipt of funding from the proceeds of General Obligation Bonds issued by the District and District Nos. 4-6 as anticipated in and required by the FFCOA. District No. 1's obligation to reimburse MGL under the OROIFAA is subject to annual appropriation. Any outstanding amount of principal and accrued interest not paid or reimbursed under the OROIFAA by December 31, 2059, whether invoiced or not, shall be deemed forever discharged and satisfied in full.

Homebuilder Letter Agreement with Lennar Colorado, LLC and Spring Valley Metropolitan District No. 1

The District, Spring Valley Metropolitan District No. 1 (collectively with the District, the "Districts"), and Lennar Colorado, LLC ("Lennar") entered into the Homebuilder Letter Agreement dated September 10, 2024, pursuant to which District No. 1 agreed to provide water, sanitary sewer and storm sewer services to residential lots within the boundaries of the District, 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 the District.

Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues

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

NOTE 8 – 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.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to personnel, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and worker's compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve, all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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SUPPLEMENTARY INFORMATION

Spring Valley Metropolitan District No. 5

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

For the Year Ended December 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	$ 140,000	$ 50,000	$ 27,049	$ (22,951)
Facility fees	237,000	256,750	237,000	(19,750)
Tap fees	972,000	1,053,000	972,000	(81,000)
Total revenues	1,349,000	1,359,750	1,236,049	(123,701)
EXPENDITURES				
Principal	-	82,000	332,000	(250,000)
Interest	597,919	812,365	660,589	151,776
Bond issuance costs	597,600	451,490	481,841	(30,351)
Contingency	-	550,000	-	550,000
Transfer to District No. 1	-	256,750	237,000	19,750
Total expenditures	1,195,519	2,152,605	1,711,430	441,175
Excess of expenditures over (under) revenues	153,481	(792,855)	(475,381)	317,474
OTHER FINANCING SOURCES (USES)				
Bond proceeds	13,265,000	15,149,000	15,318,000	169,000
Bond premium	-	500,000	-	(500,000)
Transfer (to) from other funds	(9,747,575)	(15,503,510)	(15,476,949)	26,561
Total other financing sources (uses)	3,517,425	145,490	(158,949)	(304,439)
Net change in fund balances	3,670,906	(647,365)	(634,330)	13,035
Fund balances - beginning	812,250	648,000	648,000	-
Fund balances - ending	$ 4,483,156	$ 635	$ 13,670	$ 13,035

Spring Valley Metropolitan District No. 5

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

For the Year Ended December 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	$ 188,000	$ 350,000	$ 412,924	$ 62,924
Total revenues	188,000	350,000	412,924	62,924
EXPENDITURES				
Bank fees	-	23,240	26,843	(3,603)
Transfer to District No. 1	7,073,490	15,830,270	20,479	15,809,791
Total expenditures	7,073,490	15,853,510	47,322	15,806,188
Excess of expenditures over (under) revenues	(6,885,490)	(15,503,510)	365,602	15,869,112
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	9,747,575	15,503,510	15,476,949	(26,561)
Total other financing sources (uses)	9,747,575	15,503,510	15,476,949	(26,561)
Net change in fund balances	2,862,085	-	15,842,551	15,842,551
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ 2,862,085	$ -	$ 15,842,551	$ 15,842,551