

**CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 AND SUBDISTRICT  
TOWN OF CASTLE ROCK, COLORADO**

**2025 CONSOLIDATED ANNUAL REPORT**

Pursuant to §32-1-207(3)(c) and the Consolidated Service Plan for Crystal Valley Metropolitan District No. 2 and Subdistrict (the “**District**”), the District is required to provide an annual report to the Town of Castle Rock, Colorado (the “**Town**”) with regard to the following matters:

For the year ending December 31, 2025, the District makes the following report:

**§32-1-207(3) Statutory Requirements**

**1. Boundary changes made.**

*There were no changes made to the District’s boundaries in 2025.*

**2. Intergovernmental Agreements entered into or terminated with other governmental entities.**

*None.*

**3. Access information to obtain a copy of rules and regulations adopted by the board.**

*As of December 31, 2025, the District had not adopted any rules and regulations.*

**4. A summary of litigation involving public improvements owned by the District.**

*To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2025.*

**5. The status of the construction of public improvements by the District.**

*Improvement construction undertaken by the District is complete.*

**6. A list of facilities or improvements constructed by the [District/Districts] that were conveyed or dedicated to the county or municipality.**

*No improvements were constructed by the District in the report year. The District’s improvement construction was completed prior to the report year.*

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**

*The 2025 final assessed valuation as certified by the Douglas County Assessor for the District is \$136,278,890 and \$5,056,610 for the Subdistrict*

**8. A copy of the current year's budget.**

A copy of the 2026 Budget is attached hereto as **Exhibit A**

**9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2025 Audit is attached hereto as **Exhibit B**.

**10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

*There were no uncured events of default that continued beyond a ninety (90) day period, under any debt instrument.*

**11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

*The District did not experience any inability to pay its obligations as they came due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.*

**Service Plan Requirements**

**12. A narrative summary of the progress of the District in implementing the service plan for the report year.**

*The construction of the public improvements undertaken by or otherwise financed by the District is complete.*

**13. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year.**

*There are no planned capital improvements or projects planned.*

**14. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1**

**of the report year, and the current mill levy of the District pledged to debt retirement in the report year.**

*For a summary of the financial obligations of the District as of December 31, 2025, see attached **Exhibit A** and **Exhibit B**.*

*The 2025 assessed valuation of all taxable properties within the District was \$136,278,890 for the District and \$5,056,610 for the Subdistrict.*

*In 2025 (2025 mill levy for collection year 2026), the District imposed 20.050 mills for general operating expenses (minus a temporary general property tax credit/temporary mill levy rate reduction of 20.000 mills) for a subtotal net operating 0.025 mills and 22.500 mills for general obligation bonds and interest. The Subdistrict imposed 0.041 mills for general operating expenses and 34.163 mills for general obligation bonds and interest.*

*The District issued Series 2020A General Obligation Refunding and Improvement Bonds on September 17, 2020 in the amount of \$56,110,000 at a 3%-5% interest rate, with a December 1, 2049 final maturity date.*

*The Subdistrict issued Series 2022 General Obligation Bonds in the amount of \$3,600,000 on August 1, 2022 at a 7.25% interest rate, with a December 1, 2052 final maturity date.*

**15. A summary of residential and commercial development that has occurred within the District for the report year.**

*Housing construction within the District is ongoing.*

**16. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.**

*\$2,815 development fee for each residential detached dwelling unit \$1,610 development fee for each multi-family attached dwelling unit*

*Commercial development fee is at an SFE rate of \$2,815 and shall be applied to all such commercial property on the basis of 4 SFEs per each acre of commercial property or \$11,260 per acre of zoned commercial property.*

**17. Certification of the Board that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) of this chapter has occurred in the report year.**

*The Board of Directors of the District hereby certifies that as of December 31, 2025, and pursuant to the City Resolution No. 2008-51, no action, event or condition has taken place constituting a material modification of the Service Plan.*

**18. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board.**

*Karen Jefferson, Secretary*

*4848 Fiadore Lane*

*Castle Rock, CO 80104*

*Brian Bates, Treasurer*

*4759 Lions Paw St.*

*Castle Rock, CO 80104*

*Sandra Martin, Assistant Secretary*

*2265 Shadow Rider Cir*

*Castle Rock, CO 80104*

*Patrick Barrow, Director*

*2258 Dawkins Dr*

*Castle Rock, CO 80104*

*District Manager:*

*Centennial Consulting Group*

*Theresa Martinson, Manager*

*2619 Canton Court, Suite A*

*Fort Collins, CO 80525*

*Telephone: (970) 484-0101 xtn 127*

*General Counsel:*

*WBA, PC, Attorneys at Law*

*2154 E. Commons Ave., Suite 2000*

*Centennial, CO 80122*

*Telephone: (303) 858-1800*

*Regular Meetings:*

*Date: The first Wednesday of June, October and December*

*Place: 100 S. Wilcox St., Castle Rock, CO and via teleconference*

*Time: 5:00 p.m.*

**EXHIBIT A**  
**2026 Budget**

## Crystal Valley Metropolitan District No. 2 Subdistrict 2026 Budget

| Subdistrict General Fund                 |                      |                      |                      |                      |                      |
|------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                          |                      |                      | 12/31/2025           |                      |                      |
|                                          |                      |                      | 8/31/2025            | Estimated            |                      |
| <i>Modified Accrual Basis</i>            | 2024 Actual          | 2025 Budget          | Actual               | Actual               | 2026 Budget          |
| <b>Beginning Fund Balance</b>            | \$ -                 | \$ 27,246            | \$ 27,149            | \$ 27,149            | \$ 24,419            |
| <b>Income</b>                            |                      |                      |                      |                      |                      |
| Property Taxes                           | 29,479               | 213                  | 174                  | 213                  | 207                  |
| Specific Ownership Tax                   | 1,099                | 13                   | 14                   | 14                   | 12                   |
| Tax Related Interest                     | -                    | -                    | (5)                  | (5)                  | -                    |
| <b>Total Income</b>                      | <u>30,578</u>        | <u>225</u>           | <u>183</u>           | <u>222</u>           | <u>220</u>           |
| <b>Expense</b>                           |                      |                      |                      |                      |                      |
| Allocated Administration Costs - from D2 | 2,140                | 2,907                | -                    | 2,481                | 2,502                |
| Legal                                    | 1,289                | 1,000                | 312                  | 468                  | 5,000                |
| Projected Property Tax Adjustment        | -                    | -                    | -                    | -                    | 42                   |
| Treasurers Fees                          | -                    | 3                    | 3                    | 3                    | 3                    |
| <b>Total Expenses</b>                    | <u>3,429</u>         | <u>3,910</u>         | <u>315</u>           | <u>2,952</u>         | <u>7,547</u>         |
| <b>Excess Revenue (Expenses)</b>         | <u>27,149</u>        | <u>(3,685)</u>       | <u>(132)</u>         | <u>(2,730)</u>       | <u>(7,327)</u>       |
| <b>Ending Fund Balance</b>               | <u><u>27,149</u></u> | <u><u>23,561</u></u> | <u><u>27,017</u></u> | <u><u>24,419</u></u> | <u><u>17,092</u></u> |
| <b>Restricted (TABOR)</b>                |                      |                      |                      |                      | 226                  |
| <b>Subdistrict Operating Mill Levy</b>   |                      | 0.050                |                      |                      | 0.041                |

| Subdistrict Debt Service Fund |             |             |            |           |             |
|-------------------------------|-------------|-------------|------------|-----------|-------------|
|                               |             |             | 12/31/2025 |           |             |
|                               |             |             | 8/31/2025  | Estimated |             |
| <i>Modified Accrual Basis</i> | 2024 Actual | 2025 Budget | Actual     | Actual    | 2026 Budget |
| <b>Beginning Fund Balance</b> | \$ -        | \$ 251,927  | \$ 34,462  | \$ 34,462 | \$ 34,300   |

## Crystal Valley Metropolitan District No. 2 Subdistrict

### Income

|                         |                |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Interest Revenue        | 29,367         | -              | 3,086          | 4,629          | -              |
| Property Taxes          | 187,744        | 166,617        | 136,028        | 136,028        | 172,749        |
| Specific Ownership Tax  | 6,999          | 9,997          | 11,089         | 11,089         | 10,365         |
| Tax Related Interest    | -              | -              | (4,192)        | (4,192)        | -              |
| Bond Premium            | -              | -              | -              | -              | -              |
| Transfer In             | -              | -              | 12,926         | 12,926         | -              |
| System Development Fees | 85,240         | 70,350         | 45,040         | 67,560         | 26,602         |
| <b>Total Income</b>     | <b>309,350</b> | <b>246,964</b> | <b>203,977</b> | <b>228,040</b> | <b>209,716</b> |

### Expense

|                                        |                |                  |                |                |                 |
|----------------------------------------|----------------|------------------|----------------|----------------|-----------------|
| Treasurers Fees                        | -              | 2,499            | 2,040          | 2,040          | 2,591           |
| Bank Fees                              | -              | -                | 108            | 162            | -               |
| Principal - Bonds                      | -              | -                | -              | -              | -               |
| Paying Agent Fees                      | 10,500         | 10,000           | 2,500          | 6,500          | 6,500           |
| Interest - Bonds (Accrual of interest) | 264,388        | 234,464          | -              | 219,500        | 201,075         |
| Projected Property Tax Adjustment      | -              | -                | -              | -              | 33,849          |
| Transfer Out                           | -              | 158,016          | -              | -              | -               |
| <b>Total Expenses</b>                  | <b>274,888</b> | <b>404,980</b>   | <b>4,648</b>   | <b>228,202</b> | <b>244,016</b>  |
| <b>Excess Revenue (Expenses)</b>       | <b>34,462</b>  | <b>(158,016)</b> | <b>199,329</b> | <b>(162)</b>   | <b>(34,300)</b> |
| <b>Ending Fund Balance</b>             | <b>34,462</b>  | <b>93,911</b>    | <b>233,791</b> | <b>34,300</b>  | <b>-</b>        |

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| <b>Subdistrict Debt Mill Levy</b> | <b>39.169</b> | <b>34.163</b> |
|-----------------------------------|---------------|---------------|

## Subdistrict Capital Projects Fund



## Crystal Valley Metropolitan District No. 2 Subdistrict

|                                  |                       |                 | 8/31/2025        | 12/31/2025<br>Estimated<br>Actual and<br>Amended |                 |
|----------------------------------|-----------------------|-----------------|------------------|--------------------------------------------------|-----------------|
| Modified Accrual Basis           | 2024 Actual           | 2025 Budget     | Actual           |                                                  | 2026 Budget     |
| <b>Beginning Fund Balance</b>    | \$ 473,214            | \$ -            | \$ 177,174       | \$ 177,174                                       | \$ -            |
| <b>Income</b>                    |                       |                 |                  |                                                  |                 |
| Interest Revenue                 | 10,992                | -               | 1,337            | 1,326                                            | -               |
| Intergovernmental Revenue        | -                     | -               | -                | -                                                | -               |
| Transfer In                      | -                     | 149,494         | -                | -                                                | -               |
| <b>Total Income</b>              | <u>10,992</u>         | <u>149,494</u>  | <u>1,337</u>     | <u>1,326</u>                                     | <u>-</u>        |
| <b>Expense</b>                   |                       |                 |                  |                                                  |                 |
| Costs of Issuance                | -                     | -               | -                | -                                                | -               |
| Intergovernmental Fees           | -                     | -               | -                | -                                                | -               |
| Capital Projects                 | 307,032               | 149,494         | 165,574          | 165,574                                          | -               |
| Transfer Out                     | -                     | -               | 12,926           | 12,926                                           | -               |
| <b>Total Expenses</b>            | <u>307,032</u>        | <u>149,494</u>  | <u>178,500</u>   | <u>178,500</u>                                   | <u>-</u>        |
| <b>Excess Revenue (Expenses)</b> | <u>(296,040)</u>      | <u>-</u>        | <u>(177,163)</u> | <u>(177,174)</u>                                 | <u>-</u>        |
| <b>Ending Fund Balance</b>       | <u><b>177,174</b></u> | <u><b>-</b></u> | <u><b>11</b></u> | <u><b>-</b></u>                                  | <u><b>-</b></u> |

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Debt Mill Levy                        | 13.000         | 22.500         |
| <b>Assessed Valuation</b>             | \$ 135,049,380 | \$ 136,278,890 |
| Operating Mill Levy                   | 20.050         | 20.025         |
| Temporary Operating Mill Levy Credit  | (20.000)       | (20.000)       |
| Debt Mill Levy                        | 13.000         | 22.500         |
| <b>Total Mill Levy</b>                | <u>13.050</u>  | <u>22.525</u>  |
| <b>Subdistrict Assessed Valuation</b> | \$ 4,253,790   | \$ 5,056,610   |
| Maximum Adjusted Mill Levy            | 52.169         | 56.663         |

## Crystal Valley Metropolitan District No. 2 Subdistrict

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Subdistrict Operating Mill Levy    | 0.050         | 0.041         |
| Subdistrict Debt Mill Levy         | 39.169        | 34.163        |
| <b>Total Subdistrict Mill Levy</b> | <b>39.219</b> | <b>34.204</b> |

## Crystal Valley Metropolitan District No. 2

### 2026 Budget

#### General Fund

|                                               | 2024       |             | 8/31/2025  |            | 12/31/2025  |
|-----------------------------------------------|------------|-------------|------------|------------|-------------|
|                                               | Actual     | 2025 Budget | Actual     | Estimated  | 2026 Budget |
| <i>Modified Accrual Basis</i>                 |            |             |            |            |             |
| <b>Beginning Fund Balance</b>                 | \$ 505,724 | \$ 705,703  | \$ 551,904 | \$ 551,904 | \$ 522,786  |
| <b>Income</b>                                 |            |             |            |            |             |
| Interest Revenue                              | 26,585     | -           | 16,498     | 24,747     | 20,900      |
| Property Taxes                                | 66,038     | 6,752       | 6,621      | 6,621      | 3,407       |
| Specific Ownership Tax                        | 4,925      | 405         | 380        | 570        | 204         |
| Allocated Administration Costs to Subdistrict | 2,140      | -           | -          | 2,481      | 2,502       |
| Tax Related Interest                          | -          | -           | (1)        | (1)        | -           |
| <b>Total Income</b>                           | 99,688     | 7,158       | 23,498     | 34,418     | 27,013      |
| <b>Expense</b>                                |            |             |            |            |             |
| Management & Accounting Services              | 30,008     | 31,200      | 20,800     | 31,200     | 31,200      |
| Legal                                         | 11,048     | 10,000      | 6,004      | 9,006      | 10,500      |
| Audit/Tax Prep                                | 11,000     | 11,500      | 12,500     | 12,500     | 13,750      |
| Election                                      | -          | 30,000      | 1,815      | 1,815      | -           |
| ADA Compliance (Website Remediation)          | -          | 2,000       | -          | 1,000      | 250         |
| Insurance                                     | (495)      | 2,686       | 2,851      | 2,851      | 2,820       |
| Treasurers Fees                               | 991        | 101         | 100        | 99         | 51          |
| Office                                        | 495        | 750         | 276        | 414        | 750         |
| Dues and Compliance                           | 330        | 500         | 460        | 460        | 525         |
| Directors Pay                                 | 131        | 2,500       | 1,200      | 2,500      | 2,500       |
| Payroll Expenses                              | -          | 191         | 92         | 191        | 191         |
| Contingency                                   | -          | 1,500       | -          | 1,500      | 1,500       |
| Projected Property Tax Adjustment             | -          | -           | -          | -          | 42          |
| <b>Total Expenses</b>                         | 53,508     | 92,928      | 46,098     | 63,537     | 64,080      |
| <b>Excess Revenue (Expenses)</b>              | 46,180     | (85,771)    | (22,600)   | (29,118)   | (37,066)    |

## Crystal Valley Metropolitan District No. 2

|                     |         |         |         |         |         |
|---------------------|---------|---------|---------|---------|---------|
| Ending Fund Balance | 551,904 | 619,932 | 529,304 | 522,786 | 485,720 |
| Restricted (TABOR)  |         | 2,788   |         |         | 1,922   |
| Operating Mill Levy |         | 0.050   |         |         | 0.025   |

## Crystal Valley Metropolitan District No. 2

### Debt Service Fund

|                                   | 2024                    |                       | 8/31/2025               | 12/31/2025<br>Estimated<br>Actual and<br>Amended | 2026 Budget           |
|-----------------------------------|-------------------------|-----------------------|-------------------------|--------------------------------------------------|-----------------------|
| <i>Modified Accrual Basis</i>     | Actual                  | 2025 Budget           | Actual                  |                                                  |                       |
| <b>Beginning Fund Balance</b>     | \$3,450,518             | \$ 1,446,637          | \$ 1,566,621            | \$ 1,566,621                                     | \$ 521,538            |
| <b>Income</b>                     |                         |                       |                         |                                                  |                       |
| Interest Revenue                  | 158,216                 | 36,166                | 57,505                  | 86,258                                           | 20,840                |
| Property Tax                      | 660,375                 | 1,755,642             | 1,721,642               | 1,721,642                                        | 3,066,275             |
| Specific Ownership Tax            | 49,251                  | 105,339               | 87,321                  | 107,321                                          | 183,977               |
| System Development Fees           | 276,040                 | 281,400               | 19,705                  | 29,558                                           | 53,204                |
| Tax Related Interest              | 380                     | -                     | 11,396                  | 11,396                                           | -                     |
| Intergovernmental Revenue         | -                       | -                     | 16,188                  | 16,188                                           | -                     |
| <b>Total Income</b>               | <u>1,144,262</u>        | <u>2,178,546</u>      | <u>1,913,757</u>        | <u>1,972,362</u>                                 | <u>3,324,295</u>      |
| <b>Expense</b>                    |                         |                       |                         |                                                  |                       |
| Treasurers Fees                   | 9,911                   | 26,335                | 25,970                  | 25,825                                           | 45,994                |
| Bank Fees                         | 1,243                   | -                     | 1,047                   | 1,571                                            | 1,600                 |
| Paying Agent Fees                 | 4,000                   | 10,000                | -                       | 4,000                                            | 4,000                 |
| Principal - Bonds                 | 875,000                 | 920,000               | -                       | 920,000                                          | 1,025,000             |
| Interest - Bonds                  | 2,109,800               | 2,066,050             | 1,033,025               | 2,066,050                                        | 2,020,050             |
| Transfer out                      | 28,205                  | -                     | -                       | -                                                | -                     |
| Projected Property Tax Adjustment | -                       | -                     | -                       | -                                                | 11,234                |
| <b>Total Expenses</b>             | <u>3,028,159</u>        | <u>3,022,385</u>      | <u>1,060,042</u>        | <u>3,017,445</u>                                 | <u>3,107,878</u>      |
| <b>Excess Revenue (Expenses)</b>  | <u>(1,883,897)</u>      | <u>(843,838)</u>      | <u>853,715</u>          | <u>(1,045,083)</u>                               | <u>216,416</u>        |
| <b>Ending Fund Balance</b>        | <u><b>1,566,621</b></u> | <u><b>602,798</b></u> | <u><b>2,420,336</b></u> | <u><b>521,538</b></u>                            | <u><b>737,954</b></u> |
| <b>Debt Mill Levy</b>             |                         | 13.000                |                         |                                                  | 22.500                |
| <b>Assessed Valuation</b>         |                         | \$ 135,049,380        |                         |                                                  | \$ 136,278,890        |

**Crystal Valley Metropolitan District No. 2**

|                                        |          |          |
|----------------------------------------|----------|----------|
| Operating Mill Levy                    | 20.050   | 20.025   |
| Temporary Operating Levy Credit - Levy | (20.000) | (20.000) |
| Debt Mill Levy                         | 13.000   | 22.500   |
| Total Levy                             | 13.050   | 22.525   |

**EXHIBIT B**  
**2025 Audit**

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report



## C O N T E N T S

|                                                                                                                  | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------|-------------|
| <u>Independent Auditor's Report</u>                                                                              | I           |
| <u>Basic Financial Statements</u>                                                                                |             |
| Balance Sheet/Statement of Net Position - Governmental Funds                                                     | 1           |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances/Statement of Activities - Governmental Funds | 2           |
| Schedule of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual - General Fund             | 3           |
| Notes to Financial Statements                                                                                    | 4           |
| <u>Supplemental Information</u>                                                                                  |             |
| Schedule of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual – Capital Projects Fund    | 18          |
| Schedule of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual – Debt Service Fund        | 19          |
| Combining Balance Sheet – General Fund                                                                           | 20          |
| Combining Balance Sheet – Debt Service Fund                                                                      | 21          |
| Combining Balance Sheet – Capital Projects Fund                                                                  | 22          |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balance – General Fund                      | 23          |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balance – Debt Service Fund                 | 24          |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balance – Capital Projects Fund             | 25          |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected                                            | 26          |
| Subdistrict Summary of Assessed Valuation, Mill Levy and<br>Property Taxes Collected                             | 27          |



# HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Crystal Valley Metropolitan District No. 2  
Douglas County, Colorado

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crystal Valley Metropolitan District No. 2 (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 and the 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 Opinion**

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

### **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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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 with 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 opinion on the basic financial statements is not affected by the missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the 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 financial statements as a whole.

*Hiratsuka & Associates, LLP*

July 17, 2026  
Wheat Ridge, Colorado

## Crystal Valley Metropolitan District No. 2

### BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2025

|                                                                       | <u>General</u>    | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Total</u>        | <u>Adjustments</u>     | <u>Statement<br/>of<br/>Net Position</u> |
|-----------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|---------------------|------------------------|------------------------------------------|
| <b>ASSETS</b>                                                         |                   |                         |                             |                     |                        |                                          |
| Cash                                                                  | \$ 544,787        | \$ 10,541               | \$ -                        | \$ 555,328          | \$ -                   | \$ 555,328                               |
| Cash and investments - restricted                                     | 2,148             | 505,377                 | -                           | 507,525             | -                      | 507,525                                  |
| Receivable - County Treasurer                                         | 35                | 9,131                   | -                           | 9,166               | -                      | 9,166                                    |
| Assessment fees receivable                                            | -                 | 5,630                   | -                           | 5,630               | -                      | 5,630                                    |
| Property taxes receivable                                             | 3,614             | 3,239,024               | -                           | 3,242,638           | -                      | 3,242,638                                |
| Prepays                                                               | <u>2,601</u>      | <u>-</u>                | <u>-</u>                    | <u>2,601</u>        | <u>-</u>               | <u>2,601</u>                             |
| Total Assets                                                          | <u>\$ 553,185</u> | <u>\$ 3,769,703</u>     | <u>\$ -</u>                 | <u>\$ 4,322,888</u> | <u>-</u>               | <u>4,322,888</u>                         |
| <b>LIABILITIES</b>                                                    |                   |                         |                             |                     |                        |                                          |
| Accounts payable                                                      | \$ 2,452          | \$ -                    | \$ -                        | \$ 2,452            | -                      | 2,452                                    |
| Due to County Treasurer                                               | 27                | 20,813                  | -                           | 20,840              | -                      | 20,840                                   |
| Accrued interest on long term debt                                    | -                 | -                       | -                           | -                   | 479,931                | 479,931                                  |
| Long-term liabilities:                                                |                   |                         |                             |                     |                        |                                          |
| Due within one year                                                   | -                 | -                       | -                           | -                   | 1,025,000              | 1,025,000                                |
| Due in more than one year                                             | <u>-</u>          | <u>-</u>                | <u>-</u>                    | <u>-</u>            | <u>61,458,955</u>      | <u>61,458,955</u>                        |
| Total Liabilities                                                     | <u>2,479</u>      | <u>20,813</u>           | <u>-</u>                    | <u>23,292</u>       | <u>62,963,886</u>      | <u>62,987,178</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                   |                         |                             |                     |                        |                                          |
| Deferred property taxes                                               | <u>3,614</u>      | <u>3,239,024</u>        | <u>-</u>                    | <u>3,242,638</u>    | <u>-</u>               | <u>3,242,638</u>                         |
| Total Deferred Inflows of Resources                                   | <u>3,614</u>      | <u>3,239,024</u>        | <u>-</u>                    | <u>3,242,638</u>    | <u>-</u>               | <u>3,242,638</u>                         |
| <b>FUND BALANCES/NET POSITION</b>                                     |                   |                         |                             |                     |                        |                                          |
| Fund Balances:                                                        |                   |                         |                             |                     |                        |                                          |
| Nonspendable:                                                         |                   |                         |                             |                     |                        |                                          |
| Prepays                                                               | 2,601             | -                       | -                           | 2,601               | (2,601)                | -                                        |
| Restricted:                                                           |                   |                         |                             |                     |                        |                                          |
| Emergencies                                                           | 2,148             | -                       | -                           | 2,148               | (2,148)                | -                                        |
| Debt service                                                          | -                 | 509,866                 | -                           | 509,866             | (509,866)              | -                                        |
| Capital projects                                                      | -                 | -                       | -                           | -                   | -                      | -                                        |
| Unassigned                                                            | <u>542,343</u>    | <u>-</u>                | <u>-</u>                    | <u>542,343</u>      | <u>(542,343)</u>       | <u>-</u>                                 |
| Total Fund Balances                                                   | <u>547,092</u>    | <u>509,866</u>          | <u>-</u>                    | <u>1,056,958</u>    | <u>(1,056,958)</u>     | <u>-</u>                                 |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 553,185</u> | <u>\$ 3,769,703</u>     | <u>\$ -</u>                 | <u>\$ 4,322,888</u> |                        |                                          |
| <b>Net Position:</b>                                                  |                   |                         |                             |                     |                        |                                          |
| Restricted for:                                                       |                   |                         |                             |                     |                        |                                          |
| Emergencies                                                           |                   |                         |                             |                     | 2,148                  | 2,148                                    |
| Debt service                                                          |                   |                         |                             |                     | 29,935                 | 29,935                                   |
| Unrestricted                                                          |                   |                         |                             |                     | <u>(61,939,011)</u>    | <u>(61,939,011)</u>                      |
| Total Net Position                                                    |                   |                         |                             |                     | <u>\$ (61,906,928)</u> | <u>\$ (61,906,928)</u>                   |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2025

|                                                   | <u>General</u>    | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Total</u>        | <u>Adjustments</u>     | <u>Statement<br/>of<br/>Activities</u> |
|---------------------------------------------------|-------------------|-------------------------|-----------------------------|---------------------|------------------------|----------------------------------------|
| <b>EXPENDITURES</b>                               |                   |                         |                             |                     |                        |                                        |
| General & Administrative                          |                   |                         |                             |                     |                        |                                        |
| Accounting and management                         | \$ 31,605         | \$ -                    | \$ -                        | \$ 31,605           | \$ -                   | \$ 31,605                              |
| Audit                                             | 12,500            | -                       | -                           | 12,500              | -                      | 12,500                                 |
| Insurance                                         | 2,851             | -                       | -                           | 2,851               | -                      | 2,851                                  |
| Legal                                             | 10,808            | -                       | -                           | 10,808              | -                      | 10,808                                 |
| Miscellaneous expenses                            | 855               | 2,870                   | -                           | 3,725               | -                      | 3,725                                  |
| Election                                          | 1,815             | -                       | -                           | 1,815               | -                      | 1,815                                  |
| Office expense                                    | 186               | -                       | -                           | 186                 | -                      | 186                                    |
| Director fees                                     | 1,800             | -                       | -                           | 1,800               | -                      | 1,800                                  |
| Treasurer's fees                                  | 103               | 27,522                  | -                           | 27,625              | -                      | 27,625                                 |
| Trustee fees                                      | -                 | 10,500                  | -                           | 10,500              | -                      | 10,500                                 |
| Water tank expenditures                           | -                 | -                       | 165,574                     | 165,574             | (165,574)              | -                                      |
| Conveyances to other government                   | -                 | -                       | -                           | -                   | 165,574                | 165,574                                |
| Bond principal                                    | -                 | 920,000                 | -                           | 920,000             | (920,000)              | -                                      |
| Bond interest                                     | -                 | 2,327,050               | -                           | 2,327,050           | (410,380)              | 1,916,670                              |
| Total Expenditures                                | <u>62,523</u>     | <u>3,287,942</u>        | <u>165,574</u>              | <u>3,516,039</u>    | <u>(1,330,380)</u>     | <u>2,185,659</u>                       |
| <b>PROGRAM REVENUES</b>                           |                   |                         |                             |                     |                        |                                        |
| System development fees                           | -                 | 98,525                  | -                           | 98,525              | -                      | 98,525                                 |
| Total Program Revenues                            | <u>-</u>          | <u>98,525</u>           | <u>-</u>                    | <u>98,525</u>       | <u>-</u>               | <u>98,525</u>                          |
| Net Program Income (Expenses)                     | (62,523)          | (3,189,417)             | (165,574)                   | -                   | -                      | -                                      |
| <b>GENERAL REVENUES</b>                           |                   |                         |                             |                     |                        |                                        |
| Property taxes                                    | 6,814             | 1,836,090               | -                           | 1,842,904           | -                      | 1,842,904                              |
| Specific ownership taxes                          | 540               | 147,912                 | -                           | 148,452             | -                      | 148,452                                |
| Transfer from District No. 1                      | -                 | 16,188                  | -                           | 16,188              | -                      | 16,188                                 |
| Interest income                                   | <u>23,208</u>     | <u>85,072</u>           | <u>1,337</u>                | <u>109,617</u>      | <u>-</u>               | <u>109,617</u>                         |
| Total General Revenues                            | <u>30,562</u>     | <u>2,085,262</u>        | <u>1,337</u>                | <u>2,117,161</u>    | <u>-</u>               | <u>4,202,423</u>                       |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (31,961)          | (1,104,155)             | (164,237)                   | (1,300,353)         | 1,330,380              | 2,115,289                              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |                         |                             |                     |                        |                                        |
| Transfers in/out                                  | -                 | 12,937                  | (12,937)                    | -                   | -                      | -                                      |
| Total Other Financing Sources (Uses)              | <u>-</u>          | <u>12,937</u>           | <u>(12,937)</u>             | <u>-</u>            | <u>-</u>               | <u>-</u>                               |
| NET CHANGES IN FUND BALANCES                      | (31,961)          | (1,091,218)             | (177,174)                   | (1,300,353)         | 1,300,353              |                                        |
| CHANGE IN NET POSITION                            |                   |                         |                             |                     | 30,027                 | 30,027                                 |
| <b>FUND BALANCES/NET POSITION:</b>                |                   |                         |                             |                     |                        |                                        |
| BEGINNING OF YEAR                                 | <u>579,053</u>    | <u>1,601,084</u>        | <u>177,174</u>              | <u>2,357,311</u>    | <u>(64,304,266)</u>    | <u>(61,936,955)</u>                    |
| END OF YEAR                                       | <u>\$ 547,092</u> | <u>\$ 509,866</u>       | <u>\$ -</u>                 | <u>\$ 1,056,958</u> | <u>\$ (62,973,886)</u> | <u>\$ (61,906,928)</u>                 |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

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

For the Year Ended December 31, 2025

|                                                      | Original<br>and Final<br><u>Budget</u> | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------------------------|----------------------------------------|-------------------|----------------------------------------|
| REVENUES                                             |                                        |                   |                                        |
| Property taxes                                       | \$ 6,965                               | \$ 6,814          | \$ (151)                               |
| Specific ownership taxes                             | 418                                    | 540               | 122                                    |
| Interest income                                      | <u>-</u>                               | <u>23,208</u>     | <u>23,208</u>                          |
| Total Revenues                                       | <u>7,383</u>                           | <u>30,562</u>     | <u>23,179</u>                          |
| EXPENDITURES                                         |                                        |                   |                                        |
| Accounting and management                            | 31,200                                 | 31,605            | (405)                                  |
| Audit and tax prep                                   | 11,500                                 | 12,500            | (1,000)                                |
| Directors fees                                       | 2,500                                  | 1,800             | 700                                    |
| ADA compliance                                       | 2,000                                  | -                 | 2,000                                  |
| Miscellaneous                                        | -                                      | 855               | (855)                                  |
| Insurance                                            | 2,686                                  | 2,851             | (165)                                  |
| Legal                                                | 11,000                                 | 10,808            | 192                                    |
| Election                                             | 30,000                                 | 1,815             | 28,185                                 |
| Treasurer's fees                                     | 104                                    | 103               | 1                                      |
| Payroll taxes                                        | 191                                    | -                 | 191                                    |
| Office                                               | 750                                    | 186               | 564                                    |
| Dues and compliance                                  | 500                                    | -                 | 500                                    |
| Allocated administration costs                       | 2,907                                  | -                 | 2,907                                  |
| Emergency reserve                                    | <u>1,500</u>                           | <u>-</u>          | <u>1,500</u>                           |
| Total Expenditures                                   | <u>96,838</u>                          | <u>62,523</u>     | <u>34,315</u>                          |
| EXCESS (DEFICIENCY) OF REVENUES OVER<br>EXPENDITURES | (89,455)                               | (31,961)          | 57,494                                 |
| FUND BALANCE:                                        |                                        |                   |                                        |
| BEGINNING OF YEAR                                    | <u>732,949</u>                         | <u>579,053</u>    | <u>(153,896)</u>                       |
| END OF YEAR                                          | <u>\$ 643,494</u>                      | <u>\$ 547,092</u> | <u>\$ (96,402)</u>                     |

The notes to the financial statements are an integral part of these statements.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Crystal Valley Metropolitan District No. 2, (the “District”), located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized in 1986 concurrently with Crystal Valley Metropolitan District No. 1 (“District No. 1”), as a quasi-municipal organization established under the State of Colorado Special Districts Act. Under the original service plan, District No. 1 had the power to provide water, streets, traffic and safety controls, television relay and translator, transportation, park and recreation, mosquito and pest control, fire protection and emergency medical services, sanitation facilities and other related improvements for the benefit of the taxpayers and service users within both District No. 1 and No. 2 boundaries.

The District was organized to serve as the “Taxing District” while District No. 1 was organized to serve as the “Operating District”. During 2022, District No. 1 approved the Resolution of District No. 1 for the purpose of dissolving the District No. 1. With the dissolution, the District Facilities Construction and Service Agreement between the District and District No. 1 was terminated and the District assumed full responsibility for its own operations. The final transfer of remaining funds to the District from District No. 1 after dissolution was made during 2025.

On July 21, 2020, the District Service Plan was amended to allow for the formation of a Subdistrict. On August 24, 2020, the Crystal Valley Metropolitan District No. 2 Subdistrict (“Subdistrict”) was formed for the purpose of setting a different mill levy rate for property tax against the taxable property within the Subdistrict according to services, programs and facilities furnished or to be furnished. During 2022, the Subdistrict issued General Obligation bonds in order to finance water tank construction within the District as well as pay bond interest.

The District's primary revenues during 2025 are system development fees, interest income and property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB. The financial operations of the Crystal Valley No. 2 Subdistrict are included within these financial statements.

The District has no employees and all operations and administrative functions are contracted.

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

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 customers 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. The District collects system development fees which are included in *Program revenues* as of December 31, 2025. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.



## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund - Crystal Valley No. 2 Subdistrict – This Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets within the Crystal Valley No. 2 Subdistrict.

#### Budgetary Accounting

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors 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 appropriation is at the total fund expenditures level and lapses at year end.

The Subdistrict amended appropriations in the Capital Projects for the year ended December 31, 2025. The Subdistrict expenditures in the Capital Projects Fund remain over budgeted amounts for the year ended December 31, 2025. This may be in violation of State budget laws, however at the financial statement issuance, the Subdistrict anticipates additional amended appropriations for the year to remedy this.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Assets, Liabilities and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

##### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

##### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of 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 District has one item that qualifies for reporting in this category. Deferred property taxes are recognized as an inflow of resources in the period that the amounts become available.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Land and certain improvements are not depreciated. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. At December 31, 2025 the District has conveyed all capital assets to other government entities.

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

#### Original Issue Premium

The Series 2020A Bonds (see Note 4) were issued at a premium of \$7,782,603 which is being amortized over the life of the bonds. As of December 31, 2025, \$2,183,648 has been amortized.

#### Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable fund balance at December 31, 2025 relates to prepaid expenses.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,148 of the General Fund balance has been restricted in compliance with this requirement.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

The restricted fund balance in the Debt Service Fund in the amount of \$509,866 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds 2020A (see Note 4).

#### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors. The District has no amounts to report as Committed Fund Balance as of December 31, 2025.

#### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority. The District has no amounts to report as Assigned Fund Balance as of December 31, 2025.

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balance of deferred outflows or resources related to those assets. At December 31, 2025 the District did not have any amounts to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Note 2: Cash and Investments

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

##### Statement of Net Position:

|                                   |    |                  |
|-----------------------------------|----|------------------|
| Cash                              | \$ | 555,328          |
| Cash and investments - Restricted |    | <u>507,525</u>   |
| Total                             | \$ | <u>1,062,853</u> |

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

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Deposits with financial institutions | \$ | 45,790           |
| Investments – Colotrust              |    | <u>1,017,063</u> |
|                                      | \$ | <u>1,062,853</u> |

#### Deposits

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”), requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

#### Investments

##### Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (“NAV”) per share.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

#### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

#### Colotrust

As of December 31, 2025, the District had the following investment:

The local government investment pool, Colorado Local Government Liquid Asset Trust ("Colotrust") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. Colotrust is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by Colotrust. At December 31, 2025, the District had \$1,017,063 invested in Colotrust.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### Note 3: Capital Assets

A description of the long-term obligations as of December 31, 2025, is as follows:

|                          | Balance<br>1/1/2025 | Additions  | Conveyances | Balance<br>12/31/2025 |
|--------------------------|---------------------|------------|-------------|-----------------------|
| Construction in progress | \$ -                | \$ 165,574 | \$ 165,574  | \$ -                  |

All asset expenditures during the year are under the Water Tank Construction Escrow Agreement in partnership with the Town of Castle Rock (Note 5). All District expenditures are recorded as conveyances during the year, as construction in progress related to this project is held by the Town. No depreciation expense was recorded during the year.

#### Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2025, is as follows:

##### Limited Tax General Obligation Refunding and Improvement Bonds Series 2020A

On September 17, 2020, the District issued General Obligation Refunding & Improvement Bonds Series 2020A, (the “Series 2020A Bonds”), for refunding of the outstanding Series 2014A and Series 2014B Bonds, the Series 2015 Loan, and the Series 2017 Loan, and to reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development. The Series 2020A Bonds were issued in an original principal amount of \$56,110,000 and bear interest at rates ranging from 3.0% to 5.0% payable semiannually on each June 1 and December 1, commencing on December 1, 2020. The 2020A Bonds have a final maturity date of December 1, 2049, and have a final discharge date of December 31, 2052, at which time Owners of the Bonds will have no recourse for collection of any remaining principal and interest outstanding on the Bonds.

The Series 2020A Bonds maturing on or after December 1, 2031, are subject to redemption prior to maturity at the option of the District, as a whole, or in part, in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2030, and on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the date of redemption.

The Series 2020A Bonds maturing on December 1, 2044, are also subject to a mandatory sinking fund prior to the maturity date of such bonds, in part, by lot, upon payment of par and accrued interest without redemption premium commencing on December 1, 2041. The Series 2020A Bonds maturing on December 1, 2049 are also subject to a mandatory sinking fund redemption prior to the maturity date of such bonds, in part, by lot, upon payment of par and accrued interest without redemption premium commencing on December 1, 2045.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

The Series 2020A Bonds are secured by Pledged Revenues including: (a) the property tax revenues; (b) the portion of the specific ownership tax which is collected as a result of the imposition of the required mill levy; (c) the pledged developer fee revenue; and (d) any other legally available moneys which the District determines to be used as pledged revenue. The payment of principal and interest on the Series 2020A Bonds is secured under a municipal insurance policy with Assured Guaranty Municipal Corp which provides for a Reserve Fund in the amount of \$3,790,400.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020A Bonds:

|             | Principal     | Interest      | Total         |
|-------------|---------------|---------------|---------------|
| 2026        | 1,025,000     | 2,020,050     | 3,045,050     |
| 2027        | 1,080,000     | 1,968,800     | 3,048,800     |
| 2028        | 1,195,000     | 1,914,800     | 3,109,800     |
| 2029        | 1,255,000     | 1,855,050     | 3,110,050     |
| 2030        | 1,380,000     | 1,792,300     | 3,172,300     |
| 2031 - 2035 | 8,235,000     | 7,996,100     | 16,231,100    |
| 2036 - 2040 | 10,950,000    | 6,140,900     | 17,090,900    |
| 2041 - 2045 | 14,225,000    | 3,700,100     | 17,925,100    |
| 2046 - 2049 | 13,940,000    | 1,065,450     | 15,005,450    |
|             | \$ 53,285,000 | \$ 28,453,550 | \$ 81,738,550 |

#### Subdistrict Limited Tax General Obligation Bonds Series 2022

On August 23, 2022, the Subdistrict issued Limited Tax General Obligation Bonds, Series 2022 (the '2022 Bonds') for \$3,600,000. Proceeds from the sale of the Bonds are to be used to fund a portion of the costs of designing, engineering, constructing, and/or installing certain water system improvements and facilities to serve development within the Subdistrict. Proceeds of the Bonds will also be used to fund the costs of issuing the Bonds. The Bonds bear interest of 7.25%, payable each December 1, commencing December 1, 2022 to the extent of Pledged Revenues available. The 2022 Bonds are cash flow limited tax general obligations of the Subdistrict secured by and payable from the Pledged Revenue, which consists of the following revenues of the Subdistrict: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Pledged Development Fees, and (d) any other legally available moneys which the Subdistrict determines, in its absolute discretion, to credit to the Bond Fund. No regularly scheduled payments of principal are due on the Bonds prior to their maturity date of December 1, 2052, and any accrued interest on the Bonds that are not paid when due will continue to accrue and compound on each interest payment date until sufficient Pledged Revenue is available for payment therefore, subject to discharge on the Termination Date. Notwithstanding anything in the Indenture to the contrary, in the event that, on December 1, 2060, any amount of principal of or interest on the Bonds remaining unpaid after the application of all Pledged Revenue available therefore in accordance with the Indenture, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged.



## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

The following is an analysis of changes in long-term debt for the period ending December 31, 2025:

|                                 | Balance<br>1/1/2025  | Additions   | Deletions           | Balance<br>12/31/2025 | Current<br>Portion  |
|---------------------------------|----------------------|-------------|---------------------|-----------------------|---------------------|
| <i>General Obligation Bonds</i> |                      |             |                     |                       |                     |
| G.O. Refunding Bonds 2020A      | \$ 54,205,000        | \$ -        | \$ 920,000          | \$ 53,285,000         | \$ 1,025,000        |
| G.O. Improvement Bonds 2022     | 3,600,000            | -           | -                   | 3,600,000             | -                   |
| Original issue premium          | 6,005,503            | -           | 406,548             | 5,598,955             |                     |
|                                 | <u>\$ 63,810,503</u> | <u>\$ -</u> | <u>\$ 1,326,548</u> | <u>\$ 62,483,955</u>  | <u>\$ 1,025,000</u> |

#### Debt Authorization

In 1999, 2000 and 2001, a majority of the qualified electors of the District authorized the issuance of indebtedness in accordance with Colorado law. Per the District's Second Amendment to its Service Plan, the District debt is limited to \$82,000,000 of which \$26,140,000 is remaining. The District has not budgeted to issue any debt in 2026.

In 2021, a majority of the qualified electors of the Subdistrict authorized the issuance of indebtedness in accordance with Colorado law. The District's Service Plan limits the issuance by the Subdistrict of long-term financial obligations to an aggregate principal amount of \$3,600,000. In 2022, the Subdistrict issued bonds totaling \$3,600,000 and has no remaining debt authorized but unissued.

#### Note 5: Agreements

##### District Facilities Construction and Service Agreement

On June 4, 2001, and as amended on February 24, 2021, the District entered into a District Facilities Construction and Service Agreement with District No. 1 under which District No. 1 coordinates the financing, acquisition, construction, installation, completion, operation, maintenance and repair of public improvements and the management, administration, and provision of services benefitting both Districts. The District will financially support the repayment of bonds and other obligations incurred in connection with the completion, operation, maintenance and repair of public improvements and the management, administration, and provision of services by District No. 1. With the final dissolution of District No. 1 during 2025, this agreement was terminated.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

#### District Development Fees

The District has adopted fees for services and/or development provided by the District under a Resolution dated as of July 23, 2020. The Development Fee is due and required to be paid by the home builder not later than the time at which a building permit is obtained. Under a 2024 Amendment to this agreement, the District authorized an increase in the fees effective January 1, 2024, to \$2,680 for a single family detached unit, a multi-family unit fee of \$1,535, and a commercial development fee of \$10,210 per acre of zoned commercial property. An additional amendment effective January 1, 2026 increased the fees to \$2,955 for a single family detached unit, \$1,690 for a multi-family unit, and \$11,820 per acre of zoned commercial property. During 2025, the District collected \$98,525 in development fees, of which \$70,375 were related to properties in the SubDistrict, and \$28,150 in the primary District.

#### Central Corridor Landscaping Escrow Agreement

On November 4, 2020, District No. 1 entered into an agreement with Crystal Valley Ranch Acquisition, ("CVRA"), to construct and install certain landscaping improvements within the District (the "Central Corridor Improvements"). CVRA has entered into an Agreement Regarding Reimbursement of Advances with the District, dated as of July 21, 2022 (the "CVRA Agreement"), under which District No. 1 will reimburse CVRA for costs associated with the construction of the Central Corridor Infrastructure from certain System Development Fees, as the same is more specifically set forth in the CVRA Agreement. In order for District No. 1 to appropriate for payment of amounts due under the Construction Contract, pursuant to a Funding and Reimbursement Agreement between the District No. 1 and CVRA, dated as of July 23, 2020 (the "Funding Agreement"), CVRA agreed to fund the amount of up to \$1,248,889 to be held in an escrow fund (the "Escrow Fund") created under this Agreement. In 2020, CVRA funded \$519,673; District No. 1 funded \$643,649 and the District funded \$57,330. During 2022, the \$519,673 amount was paid by the District to District No. 1 and in 2024 the District paid an additional \$28,505 to District No. 1 which was the final payment. The remaining \$15,502 outstanding under this agreement was forgiven by CVRA and treated as a contribution in District No. 1.

#### Water Tank Construction Escrow Agreement

On November 4, 2022, the Subdistrict entered into an agreement with the Town of Castle Rock to construct and install certain Enhanced Water Improvements and the acquisition of easements. The Subdistrict's obligation as to the Project Costs is limited to net proceeds available from the Series 2022 Bonds for a total amount of funding of \$3,086,011. The Parties have agreed to deposit funds into an Escrow Account to be maintained by the Escrow Agent in trust to pay for Project Costs. During 2022, the Subdistrict deposited the net proceeds of the 2022 Bonds into this Escrow Account. Through December 31, 2025 the District has recognized \$3,187,836 of costs related to this construction which is the total initially deposited to the Escrow Account plus interest earned. After expending all funding, the District and Subdistrict have no further obligation for the Project.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

Note 6: Related Parties

All of the Board of Directors are homeowners, and no related party transactions are noted in the District.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

On November 6, 2019, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

## CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2025

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: Transfers between Funds

The District transferred funds from the Capital Projects Fund to the Debt Service Fund during the year which were related to remaining cost of issuance funds from the 2022 bond issuance, as the Capital Projects Fund will no longer be in use.

Note 10: Deficit Fund Balance

The Subdistrict Debt Service Fund has a deficit balance of (\$7,457) at December 31, 2025 due to property tax abatements which were approved during the year. The District expects this deficit balance to be removed in 2026 through their property tax collections.

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) Long-term liabilities such as bonds payable and accrued bond/loan interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report developer advances, loan and/or bond proceeds as revenue, which are reported on the full accrual method on the Statement of Net Position; and,
- 3) capital asset expenditures are reported in governmental funds as an expenditures, however, they are reported on the full accrual method on the Statement of Net Position.

## SUPPLEMENTAL INFORMATION

## Crystal Valley Metropolitan District No. 2

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CRYSTAL VALLEY NO. 2 SUBDISTRICT - CAPITAL PROJECTS FUND For the Year Ended December 31, 2025

|                                                      | Original<br><u>Budget</u> | Final<br><u>Budget</u> | <u>Actual</u>   | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------------------------|---------------------------|------------------------|-----------------|----------------------------------------|
| REVENUES                                             |                           |                        |                 |                                        |
| Transfer in                                          | \$ 149,494                | \$ 178,500             | \$ -            | \$ (178,500)                           |
| Interest income                                      | <u>-</u>                  | <u>-</u>               | <u>1,337</u>    | <u>1,337</u>                           |
| Total Revenues                                       | <u>149,494</u>            | <u>178,500</u>         | <u>1,337</u>    | <u>(177,163)</u>                       |
| EXPENDITURES                                         |                           |                        |                 |                                        |
| Capital expenditures                                 | <u>149,494</u>            | <u>178,500</u>         | <u>165,574</u>  | <u>12,926</u>                          |
| Total Expenditures                                   | <u>149,494</u>            | <u>178,500</u>         | <u>165,574</u>  | <u>12,926</u>                          |
| EXCESS (DEFICIENCY) OF REVENUES OVER<br>EXPENDITURES | -                         | -                      | (164,237)       | (164,237)                              |
| OTHER FINANCING SOURCES (USES)                       |                           |                        |                 |                                        |
| Transfer in/out                                      | <u>-</u>                  | <u>-</u>               | <u>(12,937)</u> | <u>12,937</u>                          |
| Total Other Financing Sources (Uses)                 | <u>-</u>                  | <u>-</u>               | <u>(12,937)</u> | <u>(12,937)</u>                        |
| NET CHANGE IN FUND BALANCE                           | -                         | -                      | (177,174)       | (177,174)                              |
| FUND BALANCE:                                        |                           |                        |                 |                                        |
| BEGINNING OF YEAR                                    | <u>-</u>                  | <u>-</u>               | <u>177,174</u>  | <u>177,174</u>                         |
| END OF YEAR                                          | <u>\$ -</u>               | <u>\$ -</u>            | <u>\$ -</u>     | <u>\$ -</u>                            |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

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

For the Year Ended December 31, 2025

|                                                      | Original<br>and final<br><u>Budget</u> | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------------------------|----------------------------------------|-------------------|----------------------------------------|
| REVENUES                                             |                                        |                   |                                        |
| Property taxes                                       | \$ 1,922,259                           | \$ 1,836,090      | \$ (86,169)                            |
| Specific ownership taxes                             | 115,336                                | 147,912           | 32,576                                 |
| System development fees                              | 351,750                                | 98,525            | (253,225)                              |
| Transfer from District No. 2                         | -                                      | 16,188            | 16,188                                 |
| Interest income                                      | <u>36,166</u>                          | <u>85,072</u>     | <u>48,906</u>                          |
| Total Revenues                                       | <u>2,425,511</u>                       | <u>2,183,787</u>  | <u>(241,724)</u>                       |
| EXPENDITURES                                         |                                        |                   |                                        |
| Treasurer fees                                       | 28,834                                 | 27,522            | 1,312                                  |
| Miscellaneous                                        | -                                      | 2,870             | (2,870)                                |
| Paying agent fees                                    | 20,000                                 | 10,500            | 9,500                                  |
| Transfer out                                         | 158,016                                | -                 | 158,016                                |
| Bond principal                                       | 920,000                                | 920,000           | -                                      |
| Bond interest                                        | <u>2,300,514</u>                       | <u>2,327,050</u>  | <u>(26,536)</u>                        |
| Total Expenditures                                   | <u>3,427,364</u>                       | <u>3,287,942</u>  | <u>139,422</u>                         |
| EXCESS (DEFICIENCY) OF REVENUES OVER<br>EXPENDITURES | (1,001,853)                            | (1,104,155)       | (102,302)                              |
| OTHER FINANCING SOURCES (USES)                       |                                        |                   |                                        |
| Transfer in (out)                                    | <u>-</u>                               | <u>12,937</u>     | <u>12,937</u>                          |
| Total Other Financing Sources (Uses)                 | <u>-</u>                               | <u>12,937</u>     | <u>12,937</u>                          |
| NET CHANGE IN FUND BALANCE                           | (1,001,853)                            | (1,091,218)       | (89,365)                               |
| FUND BALANCE:                                        |                                        |                   |                                        |
| BEGINNING OF YEAR                                    | <u>1,698,564</u>                       | <u>1,601,084</u>  | <u>(97,480)</u>                        |
| END OF YEAR                                          | <u>\$ 696,711</u>                      | <u>\$ 509,866</u> | <u>\$ (199,782)</u>                    |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### COMBINING BALANCE SHEET GENERAL FUND For the Year Ended December 31, 2025

|                                                                       | <u>General</u>    | <u>Subdistrict</u> | <u>Total</u>      |
|-----------------------------------------------------------------------|-------------------|--------------------|-------------------|
| <b>ASSETS</b>                                                         |                   |                    |                   |
| Cash                                                                  | \$ 520,889        | \$ 23,898          | \$ 544,787        |
| Cash and investments - restricted                                     | 1,922             | 226                | 2,148             |
| Receivable - County Treasurer                                         | 35                | -                  | 35                |
| Property taxes receivable                                             | 3,407             | 207                | 3,614             |
| Prepays                                                               | <u>2,601</u>      | <u>-</u>           | <u>2,601</u>      |
| Total Assets                                                          | <u>\$ 528,854</u> | <u>\$ 24,331</u>   | <u>\$ 553,185</u> |
| <b>LIABILITIES</b>                                                    |                   |                    |                   |
| Accounts payable                                                      | 2,226             | 226                | 2,452             |
| Due to County Treasurer                                               | <u>-</u>          | <u>27</u>          | <u>27</u>         |
| Total Liabilities                                                     | <u>2,226</u>      | <u>253</u>         | <u>2,479</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                   |                    |                   |
| Deferred property taxes                                               | <u>3,407</u>      | <u>207</u>         | <u>3,614</u>      |
| Total Deferred Inflows of Resources                                   | <u>3,407</u>      | <u>207</u>         | <u>3,614</u>      |
| <b>FUND BALANCES/NET POSITION</b>                                     |                   |                    |                   |
| Fund Balances:                                                        |                   |                    |                   |
| Nonspendable:                                                         |                   |                    |                   |
| Prepays                                                               | 2,601             | -                  | 2,601             |
| Restricted:                                                           |                   |                    |                   |
| Emergencies                                                           | 2,148             | -                  | 2,148             |
| Unassigned                                                            | <u>518,472</u>    | <u>23,871</u>      | <u>542,343</u>    |
| Total Fund Balances                                                   | <u>523,221</u>    | <u>23,871</u>      | <u>547,092</u>    |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 528,854</u> | <u>\$ 24,331</u>   | <u>\$ 553,185</u> |

The notes to the financial statements are an integral part of these statements.



## Crystal Valley Metropolitan District No. 2

### COMBINING BALANCE SHEET DEBT SERVICE FUND For the Year Ended December 31, 2025

|                                                                       | <u>Debt Service</u> | <u>Subdistrict</u> | <u>Total</u>        |
|-----------------------------------------------------------------------|---------------------|--------------------|---------------------|
| <b>ASSETS</b>                                                         |                     |                    |                     |
| Cash                                                                  | \$ 2,815            | \$ 7,726           | \$ 10,541           |
| Cash and investments - restricted                                     | 505,377             | -                  | 505,377             |
| Assessment fees receivable                                            | -                   | 5,630              | 5,630               |
| Receivable - County Treasurer                                         | 9,131               | -                  | 9,131               |
| Property taxes receivable                                             | <u>3,066,275</u>    | <u>172,749</u>     | <u>3,239,024</u>    |
| Total Assets                                                          | <u>\$ 3,583,598</u> | <u>\$ 186,105</u>  | <u>\$ 3,769,703</u> |
| <b>LIABILITIES</b>                                                    |                     |                    |                     |
| Due to County Treasurer                                               | <u>\$ -</u>         | <u>\$ 20,813</u>   | <u>\$ 20,813</u>    |
| Total Liabilities                                                     | <u>-</u>            | <u>20,813</u>      | <u>20,813</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                     |                    |                     |
| Deferred property taxes                                               | <u>3,066,275</u>    | <u>172,749</u>     | <u>3,239,024</u>    |
| Total Deferred Inflows of Resources                                   | <u>3,066,275</u>    | <u>172,749</u>     | <u>3,239,024</u>    |
| <b>FUND BALANCES/NET POSITION</b>                                     |                     |                    |                     |
| Fund Balances:                                                        |                     |                    |                     |
| Restricted:                                                           |                     |                    |                     |
| Debt service                                                          | <u>517,323</u>      | <u>(7,457)</u>     | <u>509,866</u>      |
| Total Fund Balances                                                   | <u>517,323</u>      | <u>(7,457)</u>     | <u>509,866</u>      |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 3,583,598</u> | <u>\$ 186,105</u>  | <u>\$ 3,769,703</u> |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### COMBINING BALANCE SHEET CAPITAL PROJECTS FUND For the Year Ended December 31, 2025

|                                                                       | Capital<br><u>Project</u> | <u>Subdistrict</u> | <u>Total</u> |
|-----------------------------------------------------------------------|---------------------------|--------------------|--------------|
| ASSETS                                                                |                           |                    |              |
| Cash                                                                  | \$ -                      | \$ -               | \$ -         |
| Cash and investments - restricted                                     | <u>-</u>                  | <u>-</u>           | <u>-</u>     |
| Total Assets                                                          | <u>\$ -</u>               | <u>\$ -</u>        | <u>\$ -</u>  |
| DEFERRED INFLOWS OF RESOURCES                                         |                           |                    |              |
| Deferred property taxes                                               | <u>\$ -</u>               | <u>\$ -</u>        | <u>\$ -</u>  |
| Total Deferred Inflows of Resources                                   | <u>-</u>                  | <u>-</u>           | <u>-</u>     |
| FUND BALANCES/NET POSITION                                            |                           |                    |              |
| Fund Balances:                                                        |                           |                    |              |
| Restricted:                                                           |                           |                    |              |
| Debt service                                                          | <u>-</u>                  | <u>-</u>           | <u>-</u>     |
| Total Fund Balances                                                   | <u>-</u>                  | <u>-</u>           | <u>-</u>     |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ -</u>               | <u>\$ -</u>        | <u>\$ -</u>  |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND

For the Year Ended December 31, 2025

|                                      | <u>General</u>    | <u>Subdistrict</u> | <u>Total</u>      |
|--------------------------------------|-------------------|--------------------|-------------------|
| EXPENDITURES                         |                   |                    |                   |
| Accounting and management            | \$ 31,200         | \$ 405             | \$ 31,605         |
| Audit                                | 12,500            | -                  | 12,500            |
| Insurance                            | 2,851             | -                  | 2,851             |
| Legal                                | 10,270            | 538                | 10,808            |
| Election                             | 1,815             | -                  | 1,815             |
| Miscellaneous expenses               | 847               | 8                  | 855               |
| Directors fees                       | 1,800             | -                  | 1,800             |
| Office                               | 186               | -                  | 186               |
| Treasurer fees                       | 101               | 2                  | 103               |
|                                      | <u>61,570</u>     | <u>953</u>         | <u>62,523</u>     |
| Total Expenditures                   |                   |                    |                   |
|                                      | <u>61,570</u>     | <u>953</u>         | <u>62,523</u>     |
| REVENUES                             |                   |                    |                   |
| Property taxes                       | 6,696             | 118                | 6,814             |
| Specific ownership taxes             | 520               | 20                 | 540               |
| Interest income                      | 23,208            | -                  | 23,208            |
|                                      | <u>30,424</u>     | <u>138</u>         | <u>30,562</u>     |
| Total Revenues                       |                   |                    |                   |
|                                      | <u>30,424</u>     | <u>138</u>         | <u>30,562</u>     |
| OTHER FINANCING SOURCES (USES)       |                   |                    |                   |
| Transfer in (out)                    | 2,463             | (2,463)            | -                 |
|                                      | <u>2,463</u>      | <u>(2,463)</u>     | <u>-</u>          |
| Total Other Financing Sources (Uses) |                   |                    |                   |
|                                      | <u>2,463</u>      | <u>(2,463)</u>     | <u>-</u>          |
| NET CHANGE IN FUND BALANCE           | (28,683)          | (3,278)            | (31,961)          |
| FUND BALANCE:                        |                   |                    |                   |
| BEGINNING OF YEAR                    | 551,904           | 27,149             | 579,053           |
| END OF YEAR                          | <u>\$ 523,221</u> | <u>\$ 23,871</u>   | <u>\$ 547,092</u> |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE DEBT SERVICE FUND

For the Year Ended December 31, 2025

|                              | <u>Debt Service</u>      | <u>Subdistrict</u>       | <u>Total</u>             |
|------------------------------|--------------------------|--------------------------|--------------------------|
| EXPENDITURES                 |                          |                          |                          |
| Treasurer fees               | \$ 26,136                | \$ 1,386                 | \$ 27,522                |
| Miscellaneous                | 1,694                    | 1,176                    | 2,870                    |
| Trustee fees                 | 4,000                    | 6,500                    | 10,500                   |
| Bond principal               | 920,000                  | -                        | 920,000                  |
| Bond interest                | <u>2,066,050</u>         | <u>261,000</u>           | <u>2,327,050</u>         |
| Total Expenditures           | <u>3,017,880</u>         | <u>270,062</u>           | <u>3,287,942</u>         |
| PROGRAM REVENUES             |                          |                          |                          |
| System development fees      | <u>28,150</u>            | <u>70,375</u>            | <u>98,525</u>            |
| Total Program Revenues       | <u>28,150</u>            | <u>70,375</u>            | <u>98,525</u>            |
| REVENUES                     |                          |                          |                          |
| Property taxes               | 1,743,686                | 92,404                   | 1,836,090                |
| Specific ownership taxes     | 132,485                  | 15,427                   | 147,912                  |
| Transfer from District No. 1 | 16,188                   | -                        | 16,188                   |
| Interest income              | <u>85,072</u>            | <u>-</u>                 | <u>85,072</u>            |
| Total Revenues               | <u>1,977,431</u>         | <u>107,831</u>           | <u>2,085,262</u>         |
| Transfer in (out)            | <u>(37,000)</u>          | <u>49,937</u>            | <u>12,937</u>            |
| NET CHANGES IN FUND BALANCE  | (1,049,299)              | (41,919)                 | (1,091,218)              |
| FUND BALANCE:                |                          |                          |                          |
| BEGINNING OF YEAR            | <u>1,566,622</u>         | <u>34,462</u>            | <u>1,601,084</u>         |
| END OF YEAR                  | <u><u>\$ 517,323</u></u> | <u><u>\$ (7,457)</u></u> | <u><u>\$ 509,866</u></u> |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE CAPITAL PROJECTS FUND For the Year Ended December 31, 2025

|                                      | <u>Capital<br/>Projects</u> | <u>Subdistrict</u> | <u>Total</u>       |
|--------------------------------------|-----------------------------|--------------------|--------------------|
| EXPENDITURES                         |                             |                    |                    |
| Water tank expenditures              | \$ -                        | \$ 165,574         | \$ 165,574         |
| Total Expenditures                   | <u>-</u>                    | <u>165,574</u>     | <u>165,574</u>     |
| REVENUES                             |                             |                    |                    |
| Interest income                      | <u>-</u>                    | <u>1,337</u>       | <u>1,337</u>       |
| Total Revenues                       | <u>-</u>                    | <u>1,337</u>       | <u>1,337</u>       |
| OTHER FINANCING SOURCES (USES)       |                             |                    |                    |
| Transfer in (out)                    | <u>-</u>                    | <u>(12,937)</u>    | <u>(12,937)</u>    |
| Total Other Financing Sources (Uses) | <u>-</u>                    | <u>(12,937)</u>    | <u>(12,937)</u>    |
| NET CHANGE IN FUND BALANCE           | -                           | (177,174)          | (177,174)          |
| FUND BALANCE:                        |                             |                    |                    |
| BEGINNING OF YEAR                    | <u>-</u>                    | <u>177,174</u>     | <u>177,174</u>     |
| END OF YEAR                          | <u><u>\$ -</u></u>          | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

The notes to the financial statements are an integral part of these statements.

## Crystal Valley Metropolitan District No. 2

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED December 31, 2025

| Year Ended<br>December 31, | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property | Mills Levied        |                     | Total Property Tax |                  | Percent<br>Collected<br>to Levied |
|----------------------------|---------------------------------------------------------------------|---------------------|---------------------|--------------------|------------------|-----------------------------------|
|                            | <u>Tax Levy</u>                                                     | <u>General Fund</u> | <u>Debt Service</u> | <u>Budgeted</u>    | <u>Collected</u> |                                   |
| 2003                       | \$ 58,390                                                           | 40.000              | 0.000               | \$ 2,336           | \$ 2,339         | 100.13%                           |
| 2004                       | \$ 1,554,320                                                        | 1.000               | 47.940              | \$ 76,068          | \$ 77,900        | 102.41%                           |
| 2005                       | \$ 4,648,370                                                        | 1.000               | 45.940              | \$ 218,194         | \$ 230,085       | 105.45%                           |
| 2006                       | \$ 6,905,280                                                        | 1.000               | 45.940              | \$ 324,134         | \$ 390,995       | 120.63%                           |
| 2007                       | \$ 14,088,457                                                       | 1.000               | 45.940              | \$ 661,312         | \$ 663,021       | 100.26%                           |
| 2008                       | \$ 18,898,700                                                       | 1.000               | 45.940              | \$ 887,105         | \$ 798,105       | 89.97%                            |
| 2009                       | \$ 18,965,710                                                       | 1.000               | 45.940              | \$ 890,250         | \$ 703,655       | 79.04%                            |
| 2010                       | \$ 17,990,510                                                       | 10.000              | 45.940              | \$ 1,006,389       | \$ 1,005,743     | 99.94%                            |
| 2011                       | \$ 18,241,110                                                       | 10.000              | 45.940              | \$ 1,020,408       | \$ 1,022,812     | 100.24%                           |
| 2012                       | \$ 14,771,930                                                       | 10.000              | 45.940              | \$ 826,342         | \$ 819,337       | 99.15%                            |
| 2013                       | \$ 14,710,110                                                       | 10.000              | 45.940              | \$ 822,884         | \$ 820,305       | 99.69%                            |
| 2014                       | \$ 15,147,230                                                       | 10.000              | 45.940              | \$ 847,336         | \$ 847,327       | 100.00%                           |
| 2015                       | \$ 16,535,800                                                       | 10.000              | 45.940              | \$ 925,013         | \$ 924,958       | 99.99%                            |
| 2016                       | \$ 21,544,050                                                       | 10.000              | 45.940              | \$ 1,205,174       | \$ 1,205,243     | 100.01%                           |
| 2017                       | \$ 24,489,510                                                       | 10.000              | 45.940              | \$ 1,369,943       | \$ 1,369,469     | 99.97%                            |
| 2018                       | \$ 33,757,540                                                       | 10.776              | 49.508              | \$ 2,035,040       | \$ 2,036,870     | 100.09%                           |
| 2019                       | \$ 40,260,310                                                       | 10.776              | 49.508              | \$ 2,427,053       | \$ 2,426,875     | 99.99%                            |
| 2020                       | \$ 58,052,340                                                       | 5.000               | 49.854              | \$ 3,184,403       | \$ 3,184,125     | 99.99%                            |
| 2021                       | \$ 69,953,320                                                       | 3.500               | 48.000              | \$ 3,602,596       | \$ 3,602,548     | 100.00%                           |
| 2022                       | \$ 87,183,780                                                       | 2.000               | 43.000              | \$ 3,923,271       | \$ 3,907,905     | 99.61%                            |
| 2023                       | \$ 92,110,110                                                       | 0.750               | 7.250               | \$ 736,801         | \$ 734,757       | 99.72%                            |
| 2024                       | \$ 131,504,420                                                      | 0.500               | 5.000               | \$ 723,274         | \$ 726,412       | 100.43%                           |
| 2025                       | \$ 135,049,380                                                      | 0.050               | 13.000              | \$ 1,762,394       | \$ 1,750,382     | 99.32%                            |
| Estimated for              |                                                                     |                     |                     |                    |                  |                                   |
| year ending                |                                                                     |                     |                     |                    |                  |                                   |
| December 31,               |                                                                     |                     |                     |                    |                  |                                   |
| 2026                       | \$ 136,278,890                                                      | 0.025               | 22.500              | \$ 3,069,682       |                  |                                   |

#### NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

## Crystal Valley Metropolitan District No. 2

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

#### SUBDISTRICT

December 31, 2025

| Year Ended<br>December 31,                           | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property | Mills Levied        |                     | Total Property Tax |                  | Percent<br>Collected<br>to Levied |
|------------------------------------------------------|---------------------------------------------------------------------|---------------------|---------------------|--------------------|------------------|-----------------------------------|
|                                                      | <u>Tax Levy</u>                                                     | <u>General Fund</u> | <u>Debt Service</u> | <u>Budgeted</u>    | <u>Collected</u> |                                   |
| 2023                                                 | \$ 1,200                                                            | 0.000               | 42.604              | \$ 51              | \$ 51            | 100.00%                           |
| 2024                                                 | \$ 3,816,140                                                        | 7.560               | 48.147              | \$ 212,586         | \$ 217,223       | 102.18%                           |
| 2025                                                 | \$ 4,253,790                                                        | 0.050               | 39.169              | \$ 166,830         | \$ 92,522        | 55.46% (1)                        |
| Estimated for<br>year ending<br>December 31,<br>2026 | \$ 5,056,610                                                        | 0.041               | 34.163              | \$ 172,956         |                  |                                   |

#### NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(1) Taxes were abated for property within the District during 2025, reducing collections.