CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 1
TOWN OF CASTLE ROCK, COLORADO

2023 ANNUAL REPORT

Pursuant to C.R.S. §32-1-207(3)(c) and the Amended and Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 (the "**District**") dated November 21, 2001, as amended (the "**Service Plan**") the District is required to submit an annual report to the Town of Castle Rock (the "**Town**") with regard to the following matters:

For the year ending December 31, 2023, the District makes the following report:

§32-1-207(3) Statutory Requirements

1. **Boundary changes made.**

   There were no boundaries made to the District's boundaries in 2023.

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, 2023, 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, 2023.

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

   Construction of the central corridor landscaping project continued in 2023.

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

   The District did not construct improvements in 2023 that were conveyed or dedicated to the Town.

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

The 2023 final assessed valuation as certified by the Douglas County Assessor for the District is $9,740.

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

A copy of the 2023 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 2023 Audit has not been completed, the 2022 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 their service plan for the report year.

The District continues to implement the development schedule as contemplated in the Amended and Consolidated Service Plan and is seeking dissolution.

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.

A copy of the District's budget for the year ending December 31, 2023 is attached as ***Exhibit A****.*

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, 2023, see attached ***Exhibit A****.*

The 2023 assessed valuation of all taxable properties within the District is $9,740.

In 2023, the District did not impose any mills for collection in 2023.

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

None.

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

None.

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, 2023, 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.

Gregory W. Brown, President
8031 Homesteader Drive
Morrison, CO 80465
Telephone: (303) 870-6300

General Counsel:

White Bear Ankele Tanaka and Waldron, Attorneys at Law
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
Telephone: (303) 858-1800

Regular Meetings:

Date: The first Wednesday of April, June, October and November
Place: 2160 Fox Haven Drive, Castle Rock, CO and via teleconference
Time: 4:00 p.m.

EXHIBIT A

2023 Budget

EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 1

2024 BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the Crystal Valley Metropolitan District No. 1.

Crystal Valley Metropolitan District No. 1 plans to dissolve in 2024.

The Crystal Valley Metropolitan District No. 1 has adopted a budget for one fund, a General Fund, to provide for the payment of general operating expenditures related to the dissolution of the district.

The District did not impose a property tax mill levy for 2024 and anticipates that all dissolution costs will be paid using existing funds.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications, and public hearing.

Crystal Valley Metropolitan District No. 1
2024 Budget
General Fund
Modified Accrual Basis

	2022 Actual	2023 Budget	2023 Estimated Actual	2024 Budget
Beginning Fund Balance	79,080	87,761	87,761	40,000
Income				
Interest Revenue	497	-	1,400	-
Property Taxes	84	-	-	-
Specific Ownership Taxes	2	-	-	-
Tax Related Interest	70	-	-	-
Intergovernmental Revenue	145,000	-	-	-
Other Income	-	-	1,472	-
Total Budgeted Operating Income	145,653	-	2,872	-
Expense				
General and Administrative				
Management & Accounting Services	35,894	-	15,189	-
Other Management Fees	300	-	-	-
Legal	69,823	-	17,000	-
Audit/Tax Prep	-	-	13,480	-
Election	4,014	-	254	-
Insurance	4,054	-	2,436	-
Fees	138	-	-	-
Treasurers Fees	2	-	-	-
Office	322	-	50	-
Dues and Compliance	-	-	339	-
Utilities				
Water	22,425	-	750	-
Other				
Contingency	-	91,983	1,135	40,000
Total Budgeted Operating Expense	136,972	91,983	50,633	40,000
Excess Revenue (Expenses)	8,681	(91,983)	(47,761)	(40,000)
Ending Fund Balance	87,761	(4,222)	40,000	-

4200 County Tax Entity Code DOLA LGID/SID 18081

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Douglas County, Colorado.

On behalf of the Crystal Valley Metropolitan District 1,
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Crystal Valley Metropolitan District No. 1
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 9,740
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 9,740
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 01/08/2024 for budget/fiscal year 2024.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	0.000	mills	$ 0.00
2. <**Minus**> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	< 0.000 >	mills	$ < 0.00 >
SUBTOTAL FOR GENERAL OPERATING:	0.000	**mills**	$ 0.00
3. General Obligation Bonds and Interest[J]		mills	$
4. Contractual Obligations[K]		mills	$
5. Capital Expenditures[L]		mills	$
6. Refunds/Abatements[M]		mills	$
7. Other[N] (specify):		mills	$
		mills	$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000	**mills**	$ 0.00

Contact person: Dave Dressler Phone: (790) 484-0101 Ext. 110

Signed: David Dressler Title: District Accountant

Survey Question: Does the taxing entity have voter approval to adjust the general operating levy to account for changes to assessment rates? ☐ **Yes** ☐ **No**

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

<u>THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT</u> (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS[J]:

1. Purpose of Issue: ______________________
   Series: ______________________
   Date of Issue: ______________________
   Coupon Rate: ______________________
   Maturity Date: ______________________
   Levy: ______________________
   Revenue: ______________________

2. Purpose of Issue: ______________________
   Series: ______________________
   Date of Issue: ______________________
   Coupon Rate: ______________________
   Maturity Date: ______________________
   Levy: ______________________
   Revenue: ______________________

CONTRACTS[K]:

3. Purpose of Contract: ______________________
   Title: ______________________
   Date: ______________________
   Principal Amount: ______________________
   Maturity Date: ______________________
   Levy: ______________________
   Revenue: ______________________

4. Purpose of Contract: ______________________
   Title: ______________________
   Date: ______________________
   Principal Amount: ______________________
   Maturity Date: ______________________
   Levy: ______________________
   Revenue: ______________________

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Notes:

[A] **Taxing Entity—**A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity's* boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government[C].

[B] **Governing Body—**The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity's* mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

[C] **Local Government -** For purposes of this line on Page 1of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

[D] **GROSS Assessed Value -** There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a "tax increment financing" entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity's* total mills upon the *taxing entity's Gross Assessed Value* found on Line 2 of Form DLG 57.

[E] **Certification of Valuation by County Assessor, Form DLG 57 -** The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25th each year and may amend it, one time, prior to December 10th. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

[F] **TIF Area—**A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use "tax increment financing" to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity's* mill levy applied against the *taxing entity's* gross assessed value after subtracting the *taxing entity's* revenues derived from its mill levy applied against the net assessed value.

[G] **NET Assessed Value—**The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

[H] **General Operating Expenses (DLG 70 Page 1 Line 1)—**The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

[I] **Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)—**The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

[J] **General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)—**Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

[K] **Contractual Obligation (DLG 70 Page 1 Line 4)—**If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

[L] **Capital Expenditures (DLG 70 Page 1 Line 5)—**These revenues are not subject to the statutory property tax revenue limit <u>if</u> they are approved by counties and municipalities <u>through public hearings</u> pursuant to 29-1-301(1.2) C.R.S. and for special districts <u>through approval from the Division of Local Government</u> pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if <u>approved at election</u>. Only levies approved by these methods should be entered on Line 5.

[M] **Refunds/Abatements (DLG 70 Page 1 Line 6)—**The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, <u>if the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county.</u> To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round <u>down</u> to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

[N] **Other (DLG 70 Page 1 Line 7)—**Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.

EXHIBIT B
2022 Audit

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

CONTENTS

HIRATSUKA & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crystal Valley Metropolitan District No. 1
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. 1 (the District) as of and for the year ended December 31, 2022, 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, 2022, 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.

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- 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 were derived from and relate 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 28, 2023
Wheat Ridge, Colorado

Crystal Valley Metropolitan District No. 1

BALANCE SHEET/STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
December 31, 2022

	General	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	$ 103,191	$ 25,735	$ 128,926	$ -	$ 128,926
Cash and investments - restricted	-	598,918	598,918	-	598,918
Prepaid	495	-	495	-	495
Capital assets not being depreciated	-	-	-	1,028,626	1,028,626
Total Assets	$ 103,686	$ 624,653	$ 728,339	1,028,626	1,756,965
LIABILITIES					
Accounts payable	$ 15,430	$ 118,232	$ 133,662	-	133,662
Total Liabilities	15,430	118,232	133,662	-	133,662
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaids	495	-	495	(495)	-
Restricted:					
Capital projects	-	506,421	506,421	(506,421)	-
Unassigned	87,761	-	87,761	(87,761)	-
Total Fund Balances	88,256	506,421	594,677	(594,677)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 103,686	$ 624,653	$ 728,339		
Net Position:					
Restricted for:					
Capital projects				506,421	506,421
Unrestricted				1,116,882	1,116,882
Total Net Position				$ 1,623,303	$ 1,623,303

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

Crystal Valley Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES					
General & Administrative					
Accounting and audit	36,194	$ -	$ 36,194	$ -	$ 36,194
Election	4,014	-	4,014	-	4,014
Insurance	3,559	-	3,559	-	3,559
Legal	69,823	-	69,823	-	69,823
Miscellaneous expenses	460	150	610	-	610
Treasurer's fees	2	-	2	-	2
Utilities	22,425	-	22,425	-	22,425
Capital expenditures	-	3,106,354	3,106,354	(3,106,354)	-
Conveyances to other governments	-	-	-	3,817,575	3,817,575
Total Expenditures	136,477	3,106,504	3,242,981	711,221	3,954,202
GENERAL REVENUES					
Property taxes	84	-	84	-	84
Specific ownership taxes	2	-	2	-	2
Interest income	567	526	1,093	-	1,093
Transfer from District No. 2	145,000	-	145,000	-	145,000
Total General Revenues	145,653	526	146,179	-	146,179
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,176	(3,105,978)	(3,096,802)	(711,221)	(3,808,023)
CHANGE IN NET POSITION				(3,808,023)	(3,808,023)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	79,080	3,612,399	3,691,479	1,739,847	5,431,326
END OF YEAR	$ 88,256	$ 506,421	$ 594,677	$ 1,028,626	$ 1,623,303

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

Crystal Valley Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 24	$ 84	$ 60
Specific ownership taxes	2	2	-
Interest income	1,000	567	(433)
Transfer from District No. 2	161,983	145,000	(16,983)
Total Revenues	163,009	145,653	(17,356)
EXPENDITURES			
Accounting and audit	40,000	36,194	3,806
Election	35,000	4,014	30,986
Miscellaneous	500	460	40
Insurance	4,500	3,559	941
Legal	85,000	69,823	15,177
Utilities	-	22,425	(22,425)
Treasurer's fees	1	-	1
Contingency	368,846	-	368,846
Emergency Reserve	4,950	-	4,950
Total Expenditures	538,797	136,477	402,320
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(375,788)	9,176	384,964
FUND BALANCE:			
BEGINNING OF YEAR	375,788	79,080	(296,708)
END OF YEAR	$ -	$ 88,256	$ 88,256

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Crystal Valley Metropolitan District No. 1, (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. 2 ("District No. 2"), as a quasi-municipal organization established under the State of Colorado Special Districts Act. Under the original service plan, the District 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 formed to serve as the "Operating District" while District No. 2 was intended to serve as the "Taxing District". District No. 2 collected property and specific ownership taxes, and on a yearly basis remitted payments to the District for the purpose of funding operational expenses and funding capital projects. On August 8, 2022, the Board of District No. 1 approved the Resolution of District No. 1 for the purpose of dissolving District No. 1. With the dissolution, the District Facilities Construction and Service Agreement between the District and District No. 2 was terminated. Upon dissolution of the District, District No. 2 will assume full responsibility for its own operations. This dissolution is expected to be completed during 2023.

The District's primary revenues are transfers from District No. 2. 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 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 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 had no *Program revenues* to report as of December 31, 2022. 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.

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 *availabl*e 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.

Capital Projects Fund – The Capital Projects 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.

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 District had expenditures in the Capital Projects Fund that exceeded the budgeted amounts. This may be in violation of State Budget laws, and a budget amendment is expected to be approved in 2023 subsequent to financial statement date.

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, 2022 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 does not have items that qualify for reporting in this category.

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.

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.

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. Nonspendable balances of $495 at year-end relates to prepaid insurance.

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 Capital Projects Fund in the amount of $506,421 is restricted for the payment of capital improvements for the District.

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, 2022.

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, 2022.

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, 2022 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.

Note 2: Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash	$	128,926
Cash and investments - Restricted		598,918
Total	$	727,844

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	$	699,110
Investments – Colotrust		28,734
	$	727,844

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.

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, 2022, 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, 2022, the District had $28,734 invested in Colotrust.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance 01/01/22	Additions	Conveyances	Balance 12/31/22
Construction in progress	$1,739,847	$3,106,354	$3,817,575	$1,028,626

It is anticipated that the District will convey the completed infrastructure to the Town or County for operation and maintenance purposes. The District retains the right to maintain ownership in the facilities and/or retain responsibility for operations and maintenance. Construction in progress is not subject to depreciation, therefore there were no depreciation expenses in 2022.

Note 4: Debt Authorization

In 1999, 2000 and 2001, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of $137,500,000. As of December 31, 2022, the amount of debt authorized by the District's electorate but unissued was approximately $93,543,989. Per the District's Service Plan, the District debt is limited to $45,000,000 of which $0 is remaining. The District has not budgeted to issue any debt in 2023.

Note 5: Related Parties

Two of the Board of Directors are employees, owners, consultants or are otherwise associated with Crystal Valley Ranch Development Co. LLC., (the "Developer"), and may have conflicts of interest in dealing with the District. One other director is a consultant, directly or indirectly, to RainTree. Management believes that all potential conflicts, if any, have been disclosed to the Secretary of State and the Board of Directors.

Note 6: Agreements

Development Agreement
Pursuant to the terms of the Crystal Valley Ranch Second Amended and Restated Development Agreement ("Agreement"), dated as of February 24, 2012, notwithstanding, the District participated in construction of a Highway Interchange (the "Interchange"). During the year ended December 31, 2022, the District conveyed improvements in the amount of $3,817,575 to the Town of Castle Rock related to this construction, and has no further obligation under this agreement.

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. 2 under which the District 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. District No. 2 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 the District.

Central Corridor Landscaping Escrow Agreement
On November 4, 2020, the District 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 the District 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 the District to appropriate for payment of amounts due under the Construction Contract, pursuant to a Funding and Reimbursement Agreement between the District and CVRA, dated as of July 23, 2020 (the "Funding Agreement"), CVRA has agreed that it will fund the amount of $1,248,889 to be held in an escrow fund (the "Escrow Fund") created under this Agreement. In 2020, CVRA funded $519,673; the District funded $643,649 and District No. 2 funded $57,330. At December 31, 2022, the District anticipates reimbursing the $519,673 to CVRA during 2023 pending completion of final related expenditures and warranty items.

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, 2001, 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. 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 8: 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) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities.

SUPPLEMENTAL INFORMATION

Crystal Valley Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the year ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ 2,000	$ 526	$ (1,474)
Total Revenues	2,000	526	(1,474)
EXPENDITURES			
Capital expenditures	2,931,156	3,106,354	(175,198)
Miscellaneous	2,000	150	1,850
Total Expenditures	2,933,156	3,106,504	(173,348)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,931,156)	(3,105,978)	(174,822)
FUND BALANCE:			
BEGINNING OF YEAR	2,931,156	3,612,399	681,243
END OF YEAR	$ -	$ 506,421	$ 506,421

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