

2023 ANNUAL REPORT
VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

As required by Section 32-1-207(3)(c), C.R.S. the following report of the activities of Village At Southgate Metropolitan District (the “**District**”) from January 1, 2023 to December 31, 2023 is hereby submitted.

- A. Boundary changes made: No boundary changes were made or proposed in 2023.
- B. Intergovernmental Agreements entered into or terminated: No Intergovernmental Agreements were entered in 2023.
- C. Access information to obtain a copy of rules and regulations adopted: There were no policy changes made or proposed during 2023. Copies of the rules and regulations of the Districts, if any, may be accessed on the District’s website:

<https://villageatsouthgatemd.colorado.gov/>
- D. Summary of litigation involving the District’s public improvements: To our knowledge, the District is not involved in any litigation regarding the District’s public improvements.
- E. Status of the District’s construction of public improvements: There was no construction of public improvements completed during 2023.
- F. Conveyances or dedications of facilities or improvements, constructed by the District, to the City of Brighton: No facilities and improvements were dedicated and accepted by the City of Brighton in 2023.
- G. Final assessed valuation of the District for the reporting year: \$10,143,940
- H. Current year’s budget: A copy of the District’s 2024 budget is attached hereto as **Exhibit A**.
- I. Audited financial statements for the reporting year: A copy of the 2023 Audit will be provided when completed.
- J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument: To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
- K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period: To our knowledge, the District has been able to pay its obligations as they come due.

L. Issue Resolution or Coordination Issues: There are no issue resolution or coordination issues, pending or threatened, involving the District of which the District is aware.

M. Contact Information for Administrative Personnel:

The District may be contacted via the following:

Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
(303) 987-0835

EXHIBIT A
2024 BUDGET



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086

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Accountant's Compilation Report

Board of Directors
Village at SouthGate Metropolitan District
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Village at SouthGate Metropolitan District (District), for the year ending December 31, 2024, including the estimate of comparative information for the year ending December 31, 2023, and the actual comparative information for the year ending December 31, 2022, in the format required by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The actual comparative information for the year ending December 31, 2022 is presented for comparative purposes as required by Colorado Revised Statutes (C.R.S.) 29-1-105. Such information is taken from the audited financial statements of the District for the year ended December 31, 2022. Dazzo & Associates, PC audited the financial statements for the year ended December 31, 2022, whose report was dated July 17, 2023.

The budget is presented in accordance with the requirements of Colorado Revised Statutes (C.R.S.) 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Village at SouthGate Metropolitan District.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
January 8, 2024

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

	ACTUAL 2022	ESTIMATED 2023	ADOPTED BUDGET 2024
ASSESSED VALUATION			
Adams County Certified Assessed Value	\$ 7,873,950	\$ 8,764,550	\$ 10,143,940
MILL LEVY			
General - Operations Mill Levy	11.133	11.309	11.803
Debt Service - Senior Bonds Mill Levy	44.531	45.236	47.212
Total mill levy	55.664	56.545	59.015
PROPERTY TAXES			
General Fund	\$ 87,661	\$ 99,118	\$ 119,729
Debt Service - Senior Bonds Mill Levy	350,635	396,473	478,916
Levied property taxes	438,296	495,591	598,645
Adjustments to actual/rounding	-	-	-
Actual/budgeted property taxes	\$ 438,296	\$ 495,591	\$ 598,645
BUDGETED OR ACTUAL PROPERTY TAXES BY FUND			
General Fund	\$ 87,661	\$ 99,118	\$ 119,729
Debt Service	350,635	396,473	478,916
	\$ 438,296	\$ 495,591	\$ 598,645

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
GENERAL FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2022</u>	<u>ESTIMATED 2023</u>	<u>ADOPTED BUDGET 2024</u>
BEGINNING FUND BALANCE	\$ (11,482)	\$ 19,663	\$ 47,848
REVENUE			
Property tax	87,661	99,118	119,729
Specific ownership tax	6,193	6,585	7,184
Net investment income	24	9	100
Total revenue	<u>93,878</u>	<u>105,712</u>	<u>127,013</u>
Total funds available	<u>82,396</u>	<u>125,375</u>	<u>174,861</u>
EXPENDITURES			
General Government			
Legal	17,383	19,918	30,000
Accounting	12,201	9,935	12,000
Audit	4,900	4,900	5,200
Management services	14,147	18,720	20,000
Engineering/consulting	9,090	16,482	10,000
Insurance	2,515	2,571	3,000
Office supplies and postage	26	-	-
Election	716	3,069	-
Bank service charges	120	120	200
Dues and subscriptions	320	325	500
Treasurer's fees	1,315	1,487	1,796
Contingency	-	-	10,000
Total expenditures	<u>62,733</u>	<u>77,527</u>	<u>92,696</u>
Total expenditures requiring appropriation	<u>62,733</u>	<u>77,527</u>	<u>92,696</u>
ENDING FUND BALANCE	<u>\$ 19,663</u>	<u>\$ 47,848</u>	<u>\$ 82,165</u>
EMERGENCY RESERVE	<u>\$ 2,816</u>	<u>\$ 3,172</u>	<u>\$ 3,811</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
OPERATIONS AND MAINTENANCE FEE - SPECIAL REVENUE FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2022</u>	<u>ESTIMATED 2023</u>	<u>ADOPTED BUDGET 2024</u>
BEGINNING FUND BALANCE	\$ 14,262	\$ 73,352	\$ 109,623
REVENUE			
Operations and maintenance fees	202,050	207,639	207,360
Late fees and penalties	-	6,300	7,000
Silo and barn rental fees	975	1,463	1,500
Total revenue	<u>203,025</u>	<u>215,402</u>	<u>215,860</u>
Total funds available	<u>217,287</u>	<u>288,754</u>	<u>325,483</u>
EXPENDITURES			
General Government			
Legal	1,425	891	2,000
Management services	22,168	29,527	30,000
Landscape maintenance:			
Monthly contract	45,309	39,444	43,000
Irrigation repairs	-	16,910	18,000
Special projects	-	10,650	12,000
Landscape improvements	-	-	75,000
Snow removal	16,305	11,073	17,000
Utilities:			
Water	57,777	67,157	75,000
Electrical - Silo	667	660	700
Electrical - Barn	284	245	300
Other	-	2,574	-
Contingency	-	-	10,000
Total expenditures	<u>143,935</u>	<u>179,131</u>	<u>283,000</u>
Total expenditures requiring appropriation	<u>143,935</u>	<u>179,131</u>	<u>283,000</u>
ENDING FUND BALANCE	<u>\$ 73,352</u>	<u>\$ 109,623</u>	<u>\$ 42,483</u>
EMERGENCY RESERVE	<u>\$ 6,091</u>	<u>\$ 6,462</u>	<u>\$ 6,476</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
DEBT SERVICE FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2022</u>	<u>ESTIMATED 2023</u>	<u>ADOPTED BUDGET 2024</u>
BEGINNING FUND BALANCE	\$ 762,523	\$ 782,485	\$ 774,485
REVENUE			
Property tax	350,635	396,473	478,916
Specific ownership tax	24,770	26,340	28,735
Interest income	15,904	44,738	40,000
Total revenue	<u>391,309</u>	<u>467,551</u>	<u>547,651</u>
Total funds available	<u>1,153,832</u>	<u>1,250,036</u>	<u>1,322,136</u>
EXPENDITURES			
Bank service charges	729	2,047	2,200
Treasurer's fees	5,261	5,948	7,184
2018A Senior Bonds:			
Principal	-	35,000	45,000
Interest	233,438	233,438	231,469
2018B Subordinate Bonds:			
Principal	27,000	136,000	225,000
Interest	98,919	57,118	46,578
Paying agent fees	6,000	6,000	6,000
Contingency	-	-	10,000
Total expenditures	<u>371,347</u>	<u>475,551</u>	<u>573,431</u>
Total expenditures requiring appropriation	<u>371,347</u>	<u>475,551</u>	<u>573,431</u>
ENDING FUND BALANCE	<u>\$ 782,485</u>	<u>\$ 774,485</u>	<u>\$ 748,705</u>
REQUIRED RESERVE	<u>\$ 343,906</u>	<u>\$ 343,906</u>	<u>\$ 343,906</u>
MAXIMUM SURPLUS AMOUNT	<u>\$ 415,000</u>	<u>\$ 415,000</u>	<u>\$ 415,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and the summary of significant assumptions.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by management, are those that are believed to be significant as of the date of the compilation report and are not intended to be all-inclusive. The disclosures are intended to describe assumptions used during the preparation of the 2024 annual budget. Actual results may differ from the prospective results contained in the budget.

SERVICES PROVIDED

The Village at SouthGate Metropolitan District (the "District"), was organized in Adams County to provide financing to construct and install local and regional public improvements for the Village at SouthGate Development, including potable water and sewer lines larger than 12" in diameter; storm drainage facilities; the full width of major and minor arterial and collector roadways; community parks; and recreational facilities and services.

The District prepares its budget on the modified accrual basis of accounting.

REVENUE

Property Tax

Property taxes are forecasted based on the mill levy adopted applied to the annual assessed valuation. The calculation of the taxes levied is displayed on page 2 of the budget at the adopted total mill levy as adjusted for changes in the assessment rates. The base mill levy rate is 50.000 mills is comprised of the Required Mill Levy for the Limited Tax General Obligation Bonds Series 2018A and Subordinate Limited Tax General Obligation Bonds Series 2018B in the Debt Service Fund of 40.000 mills and the Operations Mill Levy of 10.000 in the General Fund.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected.

Operations and Maintenance Fees

Effective June 1, 2021, the District imposed a monthly maintenance fee of \$60 per single family home, which is billed quarterly in the amount of \$180 per single family home.

Investment Income

Interest earned on the District's available funds has been estimated based on interest earnings from the prior year.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

EXPENDITURES

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Utilities and Maintenance Expenditures

The District is responsible for the water service charges related to certain open space parcels. The District is also responsible for electrical services for a barn and silo, landscape maintenance, and snow removal. The 2024 expenses are based on 2023 costs incurred by the District.

DEBT AND LEASES

During 2018, the District issued \$4,150,000 of Limited Tax General Obligation Bonds Series 2018A which bear interest at 5.625% and \$764,000 of Subordinate Limited Tax General Obligation Bonds Series 2018B which bear interest at 7.750%. Mandatory sinking fund redemptions begin on the 2018A bonds in 2023 while the 2018B bonds have no required debt service payments until 2048. The Schedule of Debt Service Requirements included on page 8 is based on the Financial Forecast (prepared in conjunction with the bond issuance), based on the assumptions more particularly set forth therein.

The District has no operating or capital leases.

RESERVES

The District has provided for an emergency reserve fund of at least 3% of fiscal year spending for 2024, as defined under TABOR.

This information is an integral part of the accompanying budget.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS**

Year ended December 31,	\$4,150,000 Limited Tax General Obligation Bonds Series 2018A Bearing Interest at 5.625%		\$764,000 Subordinate Limited Tax General Obligation Bonds Series 2018B Bearing Interest at 7.750%		Annual Total
	Principal (1)	Interest	Principal (2)	Interest (2)	
	2024	\$ 45,000.00	\$ 231,468.76	\$ 225,000.00	
2025	50,000.00	228,937.50	-	29,140.00	308,077.50
2026	55,000.00	226,125.00	-	29,140.00	310,265.00
2027	60,000.00	223,031.26	20,000.00	29,140.00	332,171.26
2028	70,000.00	219,656.26	32,000.00	27,590.00	349,246.26
2029	75,000.00	215,718.76	34,000.00	25,110.00	349,828.76
2030	85,000.00	211,500.00	38,000.00	22,475.00	356,975.00
2031	90,000.00	206,718.76	41,000.00	19,530.00	357,248.76
2032	100,000.00	201,656.26	47,000.00	16,353.00	365,009.26
2033	105,000.00	196,031.26	51,000.00	12,710.00	364,741.26
2034	115,000.00	190,125.00	59,000.00	8,758.00	372,883.00
2035	125,000.00	183,656.26	54,000.00	4,185.00	366,841.26
2036	135,000.00	176,625.00	-	-	311,625.00
2037	145,000.00	169,031.26	-	-	314,031.26
2038	160,000.00	160,875.00	-	-	320,875.00
2039	165,000.00	151,875.00	-	-	316,875.00
2040	185,000.00	142,593.76	-	-	327,593.76
2041	195,000.00	132,187.50	-	-	327,187.50
2042	210,000.00	121,218.76	-	-	331,218.76
2043	225,000.00	109,406.26	-	-	334,406.26
2044	240,000.00	96,750.00	-	-	336,750.00
2045	255,000.00	83,250.00	-	-	338,250.00
2046	275,000.00	68,906.26	-	-	343,906.26
2047	290,000.00	53,437.50	-	-	343,437.50
2048	660,000.00	37,125.00	-	-	697,125.00
	<u>\$ 4,115,000.00</u>	<u>\$ 4,037,906.38</u>	<u>\$ 601,000.00</u>	<u>\$ 270,709.00</u>	<u>\$ 9,024,615.38</u>

(1) - Assumes that mandatory sinking fund redemption payments are made but assumes no optional redemptions occur.

(2) - Includes the estimated payment of principal and interest on December 15 of each year indicated. The 2018B Subordinate Bonds have no fixed principal payment amounts due prior to maturity. The payments with respect to the 2018B Subordinate Bonds shown above reflect the estimated principal and interest payments taking into account payments made in the years 2018 through 2023 and the estimated payments shown on Exhibit III of the Financial Forecast as included as Appendix C to the Limited Offering Memorandum dated May 3, 2019 related to the issuance of the bonds. These payments, however, are only estimated amounts as and no assurance is given that the principal and interest on the 2018B Subordinate Bonds will be paid as set forth in this table from pledged revenues.

This information is an integral part of the accompanying budget.

EXHIBIT B
2023 AUDIT