

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2026**



SCHILLING & COMPANY, INC.

Certified Public Accountants

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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, 2026, including the estimate of comparative information for the year ending December 31, 2025, and the actual comparative information for the year ending December 31, 2024, 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, 2024 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, 2024. Dazzio & Associates, PC audited the financial statements for the year ended December 31, 2024, whose report was dated July 14, 2025.

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
December 12, 2025

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

	ACTUAL 2025	ESTIMATED 2025	ADOPTED BUDGET 2026
ASSESSED VALUATION			
Certified Assessed Value	<u>\$ 10,143,940</u>	<u>\$ 10,139,840</u>	<u>\$ 9,953,500</u>
MILL LEVY			
General - Operations Mill Levy	11.803	11.802	12.610
Debt Service - Senior Bonds Mill Levy	<u>47.212</u>	<u>47.210</u>	<u>50.441</u>
Total mill levy	<u>59.015</u>	<u>59.012</u>	<u>63.051</u>
PROPERTY TAXES			
General Fund	\$ 119,729	\$ 119,670	\$ 125,514
Debt Service - Senior Bonds Mill Levy	<u>478,916</u>	<u>478,702</u>	<u>502,064</u>
Levied property taxes	598,645	598,372	627,578
Adjustments to actual/rounding	4,371	64	-
Actual/budgeted property taxes	<u>\$ 603,016</u>	<u>\$ 598,436</u>	<u>\$ 627,578</u>
BUDGETED OR ACTUAL PROPERTY TAXES BY FUND			
General Fund	\$ 120,603	\$ 119,670	\$ 125,514
Debt Service	<u>482,413</u>	<u>478,766</u>	<u>502,064</u>
	<u>\$ 603,016</u>	<u>\$ 598,436</u>	<u>\$ 627,578</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
GENERAL FUND
2026 BUDGET AS ADOPTED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

	ACTUAL 2024	ESTIMATED 2025	ADOPTED BUDGET 2026
BEGINNING FUND BALANCE	\$ 43,264	\$ 84,598	\$ 81,423
REVENUE			
Property tax	120,603	119,670	125,514
Specific ownership tax	5,908	5,952	5,021
Net investment income	4	12	100
Total revenue	<u>126,515</u>	<u>125,634</u>	<u>130,635</u>
EXPENDITURES			
General Government			
Legal	16,211	21,490	25,000
Accounting	9,077	10,745	12,000
Audit	5,400	5,600	5,800
Management services	20,333	16,056	20,000
Engineering/consulting	28,840	2,279	10,000
Insurance	2,671	2,076	3,000
Office supplies and postage	36	-	-
Election	314	3,212	1,000
Bank service charges	150	180	200
Dues and subscriptions	340	376	500
Treasurer's fees	1,809	1,795	1,883
Total expenditures	<u>85,181</u>	<u>63,809</u>	<u>99,383</u>
OTHER FINANCING USES			
Transfer to Operations and Maintenance Fee Fund	-	65,000	77,000
Total other financing uses	<u>-</u>	<u>65,000</u>	<u>77,000</u>
Total expenditures requiring appropriation	<u>85,181</u>	<u>128,809</u>	<u>176,383</u>
ENDING FUND BALANCE	\$ 84,598	\$ 81,423	\$ 35,675
EMERGENCY RESERVE	\$ 3,795	\$ 3,770	\$ 3,920

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
2026 BUDGET AS ADOPTED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

	ACTUAL 2024	ESTIMATED 2025	ADOPTED BUDGET 2026
BEGINNING FUND BALANCE	\$ 57,806	\$ (43,581)	\$ (36,036)
REVENUE			
Operations and maintenance fees	208,200	239,300	241,920
Late fees and penalties	5,745	4,365	5,000
Silo and barn rental fees	1,725	3,075	3,500
Property conveyance fee	-	-	2,250
Total revenue	<u>215,670</u>	<u>246,740</u>	<u>252,670</u>
OTHER FINANCING SOURCES			
Transfer from General Fund	-	65,000	77,000
Total other financing sources	<u>-</u>	<u>65,000</u>	<u>77,000</u>
Total funds available	<u>273,476</u>	<u>268,159</u>	<u>293,634</u>
EXPENDITURES			
General Government			
Legal	835	6,683	6,700
Management services	39,085	36,422	37,000
Delinquent account collection services	-	10,000	15,000
Landscape maintenance:			
Monthly contract	52,800	62,400	67,000
Irrigation repairs	20,673	18,804	19,000
Special projects	34,915	29,850	-
Landscape improvements	69,300	-	-
Snow removal	4,579	8,380	8,500
Utilities:			
Water	93,132	126,851	127,000
Electrical - Silo and Barn	1,738	1,616	1,700
Electrical - Irrigation	-	1,068	1,200
Maintenance - Barn	-	2,121	2,500
Total expenditures	<u>317,057</u>	<u>304,195</u>	<u>285,600</u>
Total expenditures requiring appropriation	<u>317,057</u>	<u>304,195</u>	<u>285,600</u>
ENDING FUND BALANCE	<u>\$ (43,581)</u>	<u>\$ (36,036)</u>	<u>\$ 8,034</u>
EMERGENCY RESERVE	<u>\$ 6,470</u>	<u>\$ 7,402</u>	<u>\$ 7,580</u>
FUND BALANCE AS % OF ANNUAL EXPENDITURES	<u>-14%</u>	<u>-12%</u>	<u>3%</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
2026 BUDGET AS ADOPTED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2024	ESTIMATED 2025	ADOPTED BUDGET 2026
BEGINNING FUND BALANCE	\$ 776,860	\$ 775,071	\$ 788,622
REVENUE			
Property tax	482,413	478,766	502,064
Specific ownership tax	23,630	23,810	20,083
Interest income	51,886	39,680	45,000
Total revenue	<u>557,929</u>	<u>542,256</u>	<u>567,147</u>
Total funds available	<u>1,334,789</u>	<u>1,317,327</u>	<u>1,355,769</u>
EXPENDITURES			
Bank service charges	2,436	2,136	2,200
Treasurer's fees	7,236	7,182	7,531
2018A Senior Bonds:			
Principal	45,000	50,000	55,000
Interest	231,469	228,937	226,125
2018B Subordinate Bonds:			
Principal	221,000	205,000	175,000
Interest	46,577	29,450	13,563
Paying agent fees	6,000	6,000	6,000
Contingency	-	-	30,000
Total expenditures	<u>559,718</u>	<u>528,705</u>	<u>515,419</u>
Total expenditures requiring appropriation	<u>559,718</u>	<u>528,705</u>	<u>515,419</u>
ENDING FUND BALANCE	\$ 775,071	\$ 788,622	\$ 840,350
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
2026 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 2026 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. The mill levies are subject to and have been adjusted for changes in the ratio of actual valuation to assessed valuation.

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 4% 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. For 2025, the District has adjusted the quarterly rate by CPI, which increased the fee to \$207 per quarter. For 2026, the District has adjusted the quarterly rate by CPI, which increased the fee to \$210 per quarter.

Net Investment Income

Net investment income earned on the District's available funds has been estimated based on net investment income from the prior year.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2026 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, a silo, and certain irrigation equipment, landscape maintenance, and snow removal. The 2026 expenses are based on 2025 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 2026, 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		\$764,000		Annual Total	
	Limited Tax General Obligation Bonds Series 2018A Bearing Interest at 5.625%		Subordinate Limited Tax General Obligation Bonds Series 2018B Bearing Interest at 7.750%			
	Principal (1)	Interest	Principal (2)	Interest (2)		
2026	\$ 55,000.00	\$ 226,125.00	\$ 175,000.00	\$ 13,563.00	\$ 469,688.00	
2027	60,000.00	223,031.26	-	-	283,031.26	
2028	70,000.00	219,656.26	-	-	289,656.26	
2029	75,000.00	215,718.76	-	-	290,718.76	
2030	85,000.00	211,500.00	-	-	296,500.00	
2031	90,000.00	206,718.76	-	-	296,718.76	
2032	100,000.00	201,656.26	-	-	301,656.26	
2033	105,000.00	196,031.26	-	-	301,031.26	
2034	115,000.00	190,125.00	-	-	305,125.00	
2035	125,000.00	183,656.26	-	-	308,656.26	
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	
	\$ 4,020,000.00	\$ 3,577,500.12	\$ 175,000.00	\$ 13,563.00	\$ 7,786,063.12	

(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 2024 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.