

STONEGATE VILLAGE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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Board of Directors
Stonegate Village Metropolitan District
Douglas County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Stonegate Village Metropolitan District (the “District”), as of and for the year ended December 31, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Stonegate Village Metropolitan District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional 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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplemental information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 22, 2024

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 769,046	\$ 19,654,483	\$ 20,423,529
Cash and investments - restricted	153,146	5,900,053	6,053,199
Accounts receivable - customer	229,130	610,789	839,919
Accounts receivable - other	-	119,633	119,633
Accounts receivable - county treasurer	18,186	-	18,186
Property taxes receivable	3,041,368	-	3,041,368
Prepaid expense	129,368	-	129,368
Prepaid bond insurance	-	111,179	111,179
Total Current Assets	<u>4,340,244</u>	<u>26,396,137</u>	<u>30,736,381</u>
CAPITAL ASSETS			
Capital assets, net of accumulated depreciation	<u>14,899,904</u>	<u>42,613,123</u>	<u>57,513,027</u>
Total Assets	<u>19,240,148</u>	<u>69,009,260</u>	<u>88,249,408</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	<u>353,674</u>	<u>68,807</u>	<u>422,481</u>
Total deferred outflows of resources	<u>353,674</u>	<u>68,807</u>	<u>422,481</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	240,840	1,080,500	1,321,340
Retainage payable	42,358	32,218	74,576
Accrued bond interest payable	6,562	79,165	85,727
Bonds payable, due within one year	<u>3,120,000</u>	<u>990,000</u>	<u>4,110,000</u>
Total Current Liabilities	<u>3,409,760</u>	<u>2,181,883</u>	<u>5,591,643</u>
LONG-TERM LIABILITIES			
Bonds payable, net of current portion	<u>3,230,000</u>	<u>30,044,383</u>	<u>33,274,383</u>
Total Liabilities	<u>6,639,760</u>	<u>32,226,266</u>	<u>38,866,026</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	<u>3,041,368</u>	<u>-</u>	<u>3,041,368</u>
Total deferred inflows of resources	<u>3,041,368</u>	<u>-</u>	<u>3,041,368</u>
NET POSITION			
Net investment in capital assets	8,549,904	11,578,740	20,128,644
Restricted for:			
Emergency reserve	2,568	-	2,568
Debt service	156,023	-	156,023
Capital projects	-	5,355,723	5,355,723
Unrestricted:	<u>1,204,199</u>	<u>19,917,338</u>	<u>21,121,537</u>
Total Net Position	<u>\$ 9,912,694</u>	<u>\$ 36,851,801</u>	<u>\$ 46,764,495</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
				<u>Activities</u>	<u>Activities</u>	
Primary Government:						
Governmental Activities:						
General government	\$ 670,171	\$ -	\$ -	\$ (670,171)	\$ -	\$ (670,171)
Landscape and recreation	1,415,780	1,720,121	50,788	355,129	-	355,129
Interest and related costs on long-term debt	296,694	-	-	(296,694)	-	(296,694)
Total Governmental Activities	2,382,645	1,720,121	50,788	(611,736)	-	(611,736)
Business-Type Activities:						
Water	5,000,907	4,006,836	-	-	(994,071)	(994,071)
Sewer	2,864,487	2,727,349	-	-	(137,138)	(137,138)
Total Business-Type Activities	7,865,394	6,734,185	-	-	(1,131,209)	(1,131,209)
Total	\$ 10,248,039	\$ 8,454,306	\$ 50,788	(611,736)	(1,131,209)	(1,742,945)
General Revenues:						
Property taxes				3,018,452	-	3,018,452
Specific ownership taxes				281,196	-	281,196
Reimbursed expenses				-	169,454	169,454
Net investment income				134,189	1,275,143	1,409,332
Sustainability fees				1,205,881	-	1,205,881
Tap fees				-	1,982,636	1,982,636
Other revenues				40,721	8,778	49,499
Transfer (to) from other funds				(279,934)	279,934	-
Total General Revenues				4,400,505	3,715,945	8,116,450
Change in Net Position				3,788,769	2,584,736	6,373,505
Net Position:						
Beginning				6,123,925	34,267,065	40,390,990
Ending				\$ 9,912,694	\$ 36,851,801	\$ 46,764,495

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 721,073	\$ -	\$ 47,973	\$ 769,046
Cash and investments - restricted	2,568	150,578	-	153,146
Accounts receivable - customer	229,130	-	-	229,130
Accounts receivable - county treasurer	447	17,739	-	18,186
Property taxes receivable	78,578	2,962,790	-	3,041,368
Prepaid expense	129,368	-	-	129,368
Total Assets	<u>\$ 1,161,164</u>	<u>\$ 3,131,107</u>	<u>\$ 47,973</u>	<u>\$ 4,340,244</u>
LIABILITIES				
Accounts payable	\$ 187,135	\$ 5,732	\$ 47,973	\$ 240,840
Retainage payable	42,358	-	-	42,358
Total Liabilities	<u>229,493</u>	<u>5,732</u>	<u>47,973</u>	<u>283,198</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	78,578	2,962,790	-	3,041,368
Total Deferred Inflows of Resources	<u>78,578</u>	<u>2,962,790</u>	<u>-</u>	<u>3,041,368</u>
FUND BALANCES:				
Nonspendable:				
Prepays	129,368	-	-	129,368
Restricted for:				
Emergency reserve	2,568	-	-	2,568
Debt service	-	162,585	-	162,585
Unassigned	721,157	-	-	721,157
Total Fund Balance	<u>853,093</u>	<u>162,585</u>	<u>-</u>	<u>1,015,678</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,161,164</u>	<u>\$ 3,131,107</u>	<u>\$ 47,973</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 14,899,904

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds

Loans payable (6,350,000)
Accrued interest on bonds payable (6,562)

The funds report bond premiums as expenditures at the time the costs are incurred, but the statement of net position reports these costs as deferred assets and amortizes the costs over the life of the bonds

Deferred loss on refunding - net 353,674
Net Position of Governmental Activities \$ 9,912,694

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
Property taxes	\$ 74,215	\$ 2,944,237	\$ -	\$ 3,018,452
Specific ownership taxes	6,914	274,282	-	281,196
Park and recreation fees	1,683,075	-	-	1,683,075
Conservation trust fund	50,788	-	-	50,788
Community center fees	37,046	-	-	37,046
Sustainability fees	-	-	1,205,881	1,205,881
Miscellaneous income	36,862	-	3,859	40,721
Net investment income	45,032	87,550	1,607	134,189
Total Revenues	<u>1,933,932</u>	<u>3,306,069</u>	<u>1,211,347</u>	<u>6,451,348</u>
EXPENDITURES				
General government:				
Administration	53,498	44,124	192,933	290,555
Parks and recreation	1,415,780	-	-	1,415,780
Debt service:				
Principal	-	3,030,000	-	3,030,000
Interest	-	115,299	-	115,299
Capital outlay:				
Parks and recreation	1,170,857	-	-	1,170,857
Total Expenditures	<u>2,640,135</u>	<u>3,189,423</u>	<u>192,933</u>	<u>6,022,491</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(706,203)	116,646	1,018,414	428,857
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	738,480	-	(1,018,414)	(279,934)
Total Other Financing Sources (Uses)	<u>738,480</u>	<u>-</u>	<u>(1,018,414)</u>	<u>(279,934)</u>
NET CHANGE IN FUND BALANCES				
	32,277	116,646	-	148,923
FUND BALANCE:				
BEGINNING OF YEAR	820,816	45,939	-	866,755
END OF YEAR	<u>\$ 853,093</u>	<u>\$ 162,585</u>	<u>\$ -</u>	<u>\$ 1,015,678</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - Total governmental funds	\$ 148,923
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

Capital outlay	1,170,857
Depreciation expense	(379,616)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Debt refunding costs amortization	(184,526)
Bond principal payment	3,030,000

Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Interest on bonds payable	<u>3,131</u>
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Change in Net Position of Governmental Activities	<u>\$ 3,788,769</u>
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The notes to the financial statements are an integral part of these statements.

STONEGATE VILLAGE METROPOLITAN DISTRICT

BALANCE SHEET
 PROPRIETARY FUNDS
 December 31, 2023

	Water	Sewer	Capital Projects	Total
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 11,716,455	\$ 7,938,028	\$ -	\$ 19,654,483
Cash and investments - restricted	-	-	5,900,053	5,900,053
Accounts receivable - customer	358,897	251,892	-	610,789
Accounts receivable - other	75,797	43,836	-	119,633
Prepaid bond insurance	79,106	32,073	-	111,179
Total Current Assets	12,230,255	8,265,829	5,900,053	26,396,137
CAPITAL ASSETS				
Water rights	2,963,385	-	-	2,963,385
Water system	47,701,186	-	-	47,701,186
Sewer treatment system and plant	-	33,328,840	-	33,328,840
Less accumulated depreciation	(21,886,230)	(19,494,058)	-	(41,380,288)
Net capital assets	28,778,341	13,834,782	-	42,613,123
Total Assets	41,008,596	22,100,611	5,900,053	69,009,260
DEFERRED OUTFLOWS OF RESOURCES				
Deferred (gain) loss on refunding	(99,281)	168,088	-	68,807
Total deferred outflows of resources	(99,281)	168,088	-	68,807
Total Assets and Deferred Outflows of Resources	\$ 40,909,315	\$ 22,268,699	\$ 5,900,053	\$ 69,078,067
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 435,835	\$ 132,553	\$ 512,112	\$ 1,080,500
Retainage payable	-	-	32,218	32,218
Accrued bond interest payable	53,324	25,841	-	79,165
Bonds payable, due within one year	585,000	405,000	-	990,000
Total Current Liabilities	1,074,159	563,394	544,330	2,181,883
LONG-TERM LIABILITIES				
Bonds payable, net of current portion	19,559,383	10,485,000	-	30,044,383
Total Liabilities	20,633,542	11,048,394	544,330	32,226,266
NET POSITION				
Net investment in capital assets	8,633,958	2,944,782	-	11,578,740
Restricted for capital improvements	-	-	5,355,723	5,355,723
Unrestricted	11,641,815	8,275,523	-	19,917,338
Total Net Position	20,275,773	11,220,305	5,355,723	36,851,801
Total Liabilities and Net Position	\$ 40,909,315	\$ 22,268,699	\$ 5,900,053	\$ 69,078,067

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Water	Sewer	Capital Projects	Total
OPERATING REVENUES				
Water sales	\$ 3,931,039	\$ -	\$ -	\$ 3,931,039
Sewer charges	-	2,683,513	-	2,683,513
Reimbursements	169,454	-	-	169,454
Capital true-up payments	75,797	43,836	-	119,633
Other income	-	8,778	-	8,778
Total Operating Revenues	<u>4,176,290</u>	<u>2,736,127</u>	-	<u>6,912,417</u>
OPERATING EXPENSES				
Accounting / Audit	34,327	34,328	-	68,655
District management	194,835	216,424	-	411,259
Operations management	24,825	24,825	-	49,650
Utility billing	23,046	24,952	-	47,998
Engineering/consulting	176,807	93,661	-	270,468
Insurance	49,437	61,797	-	111,234
Legal	31,760	31,760	-	63,520
Miscellaneous / office expenses	11,784	26,836	-	38,620
Dues and permits	4,466	-	-	4,466
Meter set costs	22,230	-	-	22,230
Meter read costs	1,377	-	-	1,377
Chemicals	54,696	175,120	-	229,816
Operations	406,146	374,490	-	780,636
Operating costs WISE-Renewable Water	144,676	-	-	144,676
Renewable water WISE	728,677	-	-	728,677
Lab analysis	28,828	34,984	-	63,812
Maintenance	-	335,866	-	335,866
Repair and replacement	225,077	-	-	225,077
Line cleaning	-	133,815	-	133,815
Utilities	828,524	77,640	-	906,164
Sludge disposal	-	62,601	-	62,601
Water rights	35,453	-	-	35,453
Well Maintenance	4,597	-	-	4,597
Reimbursement expense	104,579	-	-	104,579
Master plan expense	44,011	25,195	-	69,206
Debt service - interest	585,663	323,141	-	908,804
Custodian fee - debt	400	800	-	1,200
Depreciation	1,234,686	806,252	-	2,040,938
Total Operating Expenses	<u>5,000,907</u>	<u>2,864,487</u>	-	<u>7,865,394</u>
INCOME (LOSS) FROM OPERATIONS	<u>(824,617)</u>	<u>(128,360)</u>	-	<u>(952,977)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfer (to)/from other funds	196,947	(123,325)	206,312	279,934
Tap fees	991,318	991,318	-	1,982,636
Interest income	641,251	384,402	249,490	1,275,143
Non-Operating Revenues (Expenses)	<u>1,829,516</u>	<u>1,252,395</u>	<u>455,802</u>	<u>3,537,713</u>
NET INCOME (LOSS) - CHANGE IN NET POSITION	1,004,899	1,124,035	455,802	2,584,736
NET POSITION - BEGINNING OF YEAR	<u>19,270,874</u>	<u>10,096,270</u>	<u>4,899,921</u>	<u>34,267,065</u>
NET POSITION - END OF YEAR	<u>\$ 20,275,773</u>	<u>\$ 11,220,305</u>	<u>\$ 5,355,723</u>	<u>\$ 36,851,801</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended December 31, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Capital Projects</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 3,890,655	\$ 2,685,235	\$ -	\$ 6,575,890
Other receipts	401,641	146,859	-	548,500
Payments to suppliers	<u>(3,191,217)</u>	<u>(1,724,418)</u>	<u>335,539</u>	<u>(4,580,096)</u>
 Net Cash Provided (Required) by Operating Activities	 <u>1,101,079</u>	 <u>1,107,676</u>	 <u>335,539</u>	 <u>2,544,294</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Bond principal and interest paid	(1,218,483)	(713,888)	-	(1,932,371)
Capital improvements	(24,946)	(141,798)	(2,793,688)	(2,960,432)
Tap fees	991,318	991,318	-	1,982,636
Deferred refunding costs	(4,530)	8,036	-	3,506
Transfer from other funds	<u>(1,981,586)</u>	<u>(738,480)</u>	<u>3,000,000</u>	<u>279,934</u>
 Net Cash Provided (Required) by Capital and Related Financing Activities	 <u>(2,238,227)</u>	 <u>(594,812)</u>	 <u>206,312</u>	 <u>(2,626,727)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	<u>641,251</u>	<u>384,402</u>	<u>249,490</u>	<u>1,275,143</u>
 Net Cash Provided (Required) by Investing Activities	 <u>641,251</u>	 <u>384,402</u>	 <u>249,490</u>	 <u>1,275,143</u>
 NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	 (495,897)	 897,266	 791,341	 1,192,710
 CASH AND INVESTMENTS, BEGINNING OF YEAR	 <u>12,212,352</u>	 <u>7,040,762</u>	 <u>5,108,712</u>	 <u>24,361,826</u>
 CASH AND INVESTMENTS, END OF YEAR	 <u>\$ 11,716,455</u>	 <u>\$ 7,938,028</u>	 <u>\$ 5,900,053</u>	 <u>\$ 25,554,536</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES				
Net income (loss) from operations	\$ (824,617)	\$ (128,360)	\$ -	\$ (952,977)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES				
Depreciation	1,234,686	806,252	-	2,040,938
Amortization of Bond Premium	(60,914)	-	-	(60,914)
Interest expense	648,483	313,888	-	962,371
Changes in Assets and Liabilities:				
Accounts payable	(15,189)	18,712	368,030	371,553
Retainage payable	-	-	(32,491)	(32,491)
Accrued bond interest payable	(717)	(316)	-	(1,033)
Receivables	116,006	95,967	-	211,973
Prepaid expenses	<u>3,341</u>	<u>1,533</u>	<u>-</u>	<u>4,874</u>
Net Adjustments	<u>1,925,696</u>	<u>1,236,036</u>	<u>335,539</u>	<u>3,497,271</u>
 NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	 <u>\$ 1,101,079</u>	 <u>\$ 1,107,676</u>	 <u>\$ 335,539</u>	 <u>\$ 2,544,294</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Stonegate Village Metropolitan 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 on July 20, 1983, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to develop and provide construction of arterial streets and landscaping, installation of storm drainage facilities, installation of water and sanitation supply and distribution facilities, and construction and maintenance of recreation facilities, parks and trails. The District’s primary revenues are property taxes, water sales, sewer charges and park and recreation fees. The District is governed by an elected Board of Directors.

Effective as of November 30, 1996, as a result of the Second Amended and Restated Regional Facilities Construction Agreement dated November 22, 1996 with Lincoln Park Metropolitan District, the operation and ownership of the Water and Sewer Funds was conveyed to the District. The District currently provides water and sewer service to both districts’ property service areas.

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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Basis of Presentation

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

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 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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*, as are the proprietary fund financial statements. 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 for 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 *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, fees and other material income. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

Special Revenue Fund – The Special Revenue Fund accounts for the resources accumulated and payments made for the purchase, construction, operation, and maintenance of water resource facilities used by the District. The primary revenue of the fund is a monthly charge on each customer’s water bill.

The District reports the following major proprietary fund:

Water and Sewer Utility Enterprise Fund – The Water and Sewer Utility Enterprise Fund (“Enterprise Fund”) accounts for the activities associated with providing both potable and non-potable (irrigation) water to the District’s citizens.

The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s ongoing operations. Operating revenues consist of charges to customers for the water and sewer services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds and enterprise funds. 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.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents.

Assets, Liabilities, and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, 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 investments 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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 net 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 has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net 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 deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

Prepaid Bond Insurance Costs and Debt Refunding Costs

The prepaid bond insurance costs from Series 2020 Bonds, the Series 2021 Water Bonds and the Series 2021 Wastewater Bonds are being amortized over the term of the debt using the straight-line method. The bond premium from the Series 2020 Bonds is being amortized over the term of the bonds using the effective interest method. The net deferred losses from the Series 2020 Loan, the Series 2021 Water Bonds and the Series 2021 Wastewater Bonds are being amortized over the term of the bonds using the straight-line method. At December 31, 2023, the accumulated amortizations of the bond insurance costs, the bond premium and the debt refunding costs were \$11,545, \$189,146, and \$652,999, respectively.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. 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. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Vehicles	3 years
Parks and recreation	5 - 20 years
Water system	30 years
Sewer system	30 years

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Fund Equity

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 in the General Fund in the amount of \$129,368 represents prepaid expenditures.

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 \$2,568 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$162,585 is restricted for the payment of the debt service costs associated with the Series 2020 General Obligation Refunding and Improvement Loan (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.

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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund. All funds can report negative amounts.

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. The District reports three categories of net position, as follows:

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 balances of deferred outflows of resources related to those assets.

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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 20,423,529
Cash and investments – Restricted	<u>6,053,199</u>
Total	\$ <u>26,476,728</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with financial institutions	\$ 655,856
Investments – COLOTRUST	<u>25,820,872</u>
	\$ <u>26,476,728</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 depositories and assets maintained in the collateral pools.

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

At December 31, 2023, the District’s cash deposits had a bank balance of \$628,445 and a carrying balance of \$655,856.

Investments

Investment Valuation

Certain investments are measured at fair value 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 (NAV) per share.

Credit risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding 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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

As of December 31, 2023, the District had the following investment:

COLOTRUST

As of December 31, 2023, the District invested in the Colorado Local Governmental Liquid Asset Trust (“COLOTRUST”), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (“NAV”) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor’s. At December 31, 2023, the District had \$25,820,872 invested in COLOTRUST PLUS+.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Street landscaping	\$ 3,386,545	\$ -	\$ -	\$ 3,386,545
Landscaping	850,806	-	-	850,806
Land	2,089,646	-	-	2,089,646
Construction in progress	2,653,418	1,160,985	-	3,814,403
Total capital assets not being depreciated:	<u>8,980,415</u>	<u>1,160,985</u>	<u>-</u>	<u>10,141,400</u>
<u>Capital assets being depreciated:</u>				
Recreation center	4,134,317	-	-	4,134,317
Other recreation equipment/fences	1,325,814	9,872	-	1,335,686
Vehicles	6,000	-	-	6,000
Reservoir	6,700,234	-	-	6,700,234
Total capital assets being depreciated:	12,166,365	9,872	-	12,176,237
Accumulated Depreciation	7,038,117	379,616	-	7,417,733
Net capital assets being depreciated:	<u>5,128,248</u>	<u>(369,744)</u>	<u>-</u>	<u>4,758,504</u>
Governmental assets, net	<u>\$ 14,108,663</u>	<u>\$ 791,241</u>	<u>\$ -</u>	<u>\$ 14,899,904</u>
<u>Business-Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Water rights	\$ 2,963,385	\$ -	\$ -	\$ 2,963,385
Construction in progress - Water system	1,666,540	2,203,479	1,666,540	2,203,479
Construction in progress - Sewer system	-	756,953	-	756,953
Total capital assets not being depreciated:	<u>4,629,925</u>	<u>2,960,432</u>	<u>1,666,540</u>	<u>5,923,817</u>
<u>Capital assets being depreciated:</u>				
Water system	43,831,167	1,666,540	-	45,497,707
Sewer system	32,571,887	-	-	32,571,887
Total capital assets being depreciated:	76,403,054	1,666,540	-	78,069,594
Accumulated Depreciation	39,339,350	2,040,938	-	41,380,288
Net capital assets being depreciated:	<u>37,063,704</u>	<u>(374,398)</u>	<u>-</u>	<u>36,689,306</u>
Business-type assets, net	<u>\$ 41,693,629</u>	<u>\$ 2,586,034</u>	<u>\$ 1,666,540</u>	<u>\$ 42,613,123</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

Depreciation is charged to the general government function in the government-wide financial statements. Upon completion and acceptance, all of the governmental activities capital assets except for the landscaping, parks and recreation, vehicles and the reservoir will be conveyed by the District to other local governments. The District will not be responsible for maintenance of capital assets conveyed to other governmental entities.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

\$17,655,000 General Obligation Refunding Loan, Series 2020

On June 30, 2020, the District refunded and defeased the outstanding balances of the Series 2014 Loan and the Series 2015 Loan (collectively “refunded loans”) from the issuance of a \$17,655,000 General Obligation Refunding Loan, Series 2020 (“Series 2020 Loan”). The Series 2020 Loan bears interest at a rate of 1.240% payable semiannually on each June 1 and December 1, commencing on December 1, 2020. The Series 2020 Loan is subject to scheduled principal payments commencing on December 1, 2020. The Series 2020 Loan is subject to optional prepayments at any time subject to a yield maintenance fee.

As a result of the issuance of the Series 2020 Loan, the refunded loans are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$999,515. This amount is recorded as a deferred outflow and is being amortized over the original remaining life of the refunded bonds. The refunding resulted in an economic gain of approximately \$628,075 due to the average interest rate of the Series 2020 Loan being lower than the refunded loans.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

The Series 2020 Loan Agreement provides that the occurrence or existence of any one or more of the following events shall be an Event of Default thereunder: (a) the District fails to pay or cause to be paid when due any principal or interest in connection with the Series 2020 Loan or any other amount due under the Loan Agreement; (b) the District fails or refused to impose the Required Mill Levy or to remit the Pledged Revenue to the Lender as required under this Agreement, (c) the District fails to observe or perform any other of the material covenants, agreements, duties or conditions on the part of the District in this Agreement, the Note or the other financing documents to which it is a party and such failure either is not remedied to the satisfaction of the Lender within 30 days after the District receives written notice from the Lender of the occurrence of such failure or results in the interest borne by the Note to be taxable to the holder thereof for federal income tax purposes, d) the District shall commence any case, proceeding or other action relating to bankruptcy, insolvency, reorganization, relief of debtors, or seeking appointment of a receiver, trustee, custodian or similar official. Upon the occurrence and continuance of an event of default, the Lender may declare the default rate to be applicable to the loan or proceed to protect and enforce its rights under this Agreement, the Note or other financing documents by mandamus or any other suit, action, or proceedings at law or in equity. Acceleration of the Series 2020 Loan is not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements related to the Series 2020 Loan:

	Principal	Interest	Total
2024	\$ 3,120,000	\$ 78,740	\$ 3,198,740
2025	3,230,000	40,052	3,270,052
	\$ 6,350,000	\$ 118,792	\$ 6,468,792

\$12,670,000 Taxable Water Enterprise Revenue Refunding Bonds, Series 2021

On December 21, 2021, the District issued the \$12,670,000 Taxable Water Enterprise Revenue Refunding Bonds, Series 2021, (“Series 2021 Water Bonds”) which advance refunded and defeased the outstanding balance of the Series 2015 Bonds (“refunded 2015 Bonds”) with the exception of the principal amount due December 1, 2022, in the amount of \$295,000. The Series 2021 Water Bonds bear interest at rates between .75% to 3.50% payable semiannually on each June 1 and December 1, commencing on June 1, 2022. The Series 2021 Water Bonds are subject to scheduled principal payments commencing on December 1, 2022, and are subject to optional prepayments as of December 1, 2031, without a redemption premium. The Series 2021 Water bonds are payable solely from Net Pledged Revenues from the District Water System but scheduled payment of principal and interest when due is guaranteed under a municipal bond insurance policy issued by Build America Mutual Assurance Company. The proceeds of the Series 2021 Water Revenue bonds were used to refund a portion of the Series 2015 Bonds, purchase a municipal bond insurance policy and a reserve fund insurance policy, and pay costs of issuance.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

As a result of the issuance of the Series 2021 Water Bonds, the refunded 2015 Bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position with the exception of the principal payment due December 1, 2022. The carrying amount of the old debt exceeded the reacquisition price by \$108,530. This amount is recorded as a deferred outflow and is being amortized over the life of the Series 2021 Water Bonds. The refunding resulted in an economic gain of approximately \$1,138,089 due to the average interest rate of the Series 2021 Water Bonds being lower than the refunded Bonds.

Events of Default are defined by the Series 2021 Water Bond Resolutions provided however, that in determining whether a payment default has occurred, no effect shall be given to payments made under the Insurance Policy. Events of Default include 1) nonpayment of principal when due, 2) nonpayment of interest when due, 3) Cross defaults – defined as the occurrence and continuance of an event of default as defined in any Parity Bond Resolution, 4) failure or unreasonable delay by the District to reconstruct any essential part of the system which is destroyed or damaged, 5) appointment of a receiver for the System or the Gross Pledged Revenue, 6) an event of default has occurred and is continuing under the Insurance Agreement, and 6) the District defaults in performance of any other representation, covenant, condition, agreement or provision in the 2021 Water Bond Resolution and such default continues for 60 days.

\$11,400,000 Taxable Wastewater Enterprise Revenue Refunding Bonds, Series 2021

On December 21, 2021, the District issued the \$11,400,000 Taxable Wastewater Enterprise Revenue Refunding Bonds, Series 2021, (“Series 2021 Wastewater Bonds”) which advance refunded and defeased the outstanding balance of the Series 2014 Bonds (“refunded 2014 Bonds”) with the exception of the principal amount due December 1, 2022, in the amount of \$300,000. The Series 2021 Wastewater Bonds bear interest at rates between .75% to 3.45% payable semiannually on each June 1 and December 1, commencing on June 1, 2022. The Series 2021 Wastewater Bonds are subject to scheduled principal payments commencing on December 1, 2022, and are subject to optional prepayments as of December 1, 2031, without a redemption premium. The Series 2021 Wastewater bonds are payable solely from Net Pledged Revenues from the District Wastewater System but scheduled payment of principal and interest when due is guaranteed under a municipal bond insurance policy issued by Build America Mutual Assurance Company. The proceeds of the Series 2021 Wastewater Revenue bonds were used to refund a portion of the Series 2014 Bonds, purchase a municipal bond insurance policy and a reserve fund insurance policy, and pay costs of issuance.

As a result of the issuance of the Series 2021 Wastewater Bonds, the refunded 2014 Bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position with the exception of the principal payment due December 1, 2022. The reacquisition price of the old debt exceeded the carrying amount by \$184,485. This amount is recorded as a deferred outflow and is being amortized over the life of the Series 2021 Wastewater Bonds. The refunding resulted in an economic gain of approximately \$973,706 due to the average interest rate of the Series 2021 Wastewater Bonds being lower than the refunded Bonds.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Events of Default are defined by the Series 2021 Wastewater Bond Resolutions provided however, that in determining whether a payment default has occurred, no effect shall be given to payments made under the Insurance Policy. Events of Default include 1) nonpayment of principal when due, 2) nonpayment of interest when due, 3) Cross defaults – defined as the occurrence and continuance of an event of default as defined in any Parity Bond Resolution, 4) failure or unreasonable delay by the District to reconstruct any essential part of the system which is destroyed or damaged, 5) appointment of a receiver for the System or the Gross Pledged Revenue, 6) an event of default has occurred and is continuing under the Insurance Agreement, and 6) the District defaults in performance of any other representation, covenant, condition, agreement or provision in the 2021 Water Bond Resolution and such default continues for 60 days.

\$7,510,000 Water Enterprise Revenue Bonds, Series 2020

On November 10, 2020, The District issued \$7,510,000 of Water Enterprise Revenue Bonds, Series 2020 (“Series 2020 Bonds”). The Series 2020 Bonds bear interest at rates ranging from 3.00% to 4.00%. Interest is payable semiannually on each June 1 and December 1, commencing on June 1, 2021. The Series 2020 Bonds are subject to scheduled principal payments commencing on December 1, 2021. Bonds maturing after December 1, 2031 are subject to optional redemption on or after December 1, 2030 at par. The Series 2020 Bonds are secured by the net revenues of the water activity of the District’s enterprise fund. The Series 2020 Bonds were issued to provide improvements to the District’s water system. The District received a premium of \$1,133,529 and incurred insurance costs of \$143,529, both of which are being amortized over the life of the Series 2020 Bonds in the statement of net position and the statement of activities.

Events of Default as defined by the Series 2020 Bond Resolution include a) the District fails to pay any principal amount as it becomes due and payable, b) the District fails to pay any interest amount as it becomes due and payable, c) the occurrence and continuance of an “event of default” as defined in any Parity Bond Resolution, d) the District unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced unless such reconstruction is not essential to the efficient operation of the System, e) appointment of a Receiver unless vacated, discharged, or stayed on appeal within 60 days of entry, f) a default under the provisions of the Insurance Agreement occurs and continues, or g) the District defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provision contained in the Bonds or in this Resolution on its part to be performed. And such default continues for 60 days after written notice.

Upon the occurrence of an Event of Default, the Owner or Owners of not less than 25% (66% for the Series 2020 Bonds) in aggregate principal amount of the Bonds then outstanding may proceed against the District to protect and to enforce the rights of any owner of the bonds under this Resolution. There is no provision for acceleration of maturity of the principal of the Series 2020 Bonds in the event of a default.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

The following is a summary of the annual long-term debt principal and interest requirements related to the Series 2020 Bonds, Series 2021 Water Bonds and Series 2021 Wastewater Bonds:

	Principal	Interest	Total
2024	\$ 990,000	\$ 949,978	\$ 1,939,978
2025	1,005,000	934,175	1,939,175
2026	1,025,000	914,341	1,939,341
2027	1,045,000	892,250	1,937,250
2028	1,065,000	867,962	1,932,962
2029-2033	5,765,000	3,914,053	9,679,053
2034-2038	6,725,000	2,955,414	9,680,414
2039-2043	7,970,000	1,711,122	9,681,122
2044-2048	4,075,000	421,028	4,496,028
2049	425,000	17,000	442,000
	<u>\$ 30,090,000</u>	<u>\$ 13,577,323</u>	<u>\$ 43,667,323</u>

The following is an analysis of changes in long-term debt for the year ending December 31, 2023:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Current Portion
<u>Loans from direct borrowings and direct placements:</u>					
GO Refunding Loan - Series 2020	\$ 9,380,000	\$ -	\$ (3,030,000)	\$ 6,350,000	\$ 3,120,000
Loan Totals	9,380,000	-	(3,030,000)	6,350,000	3,120,000
<u>Revenue Bonds:</u>					
2020 Water Enterprise Revenue Bonds	7,230,000	-	(155,000)	7,075,000	160,000
2021 Water Revenue Bonds	12,540,000	-	(415,000)	12,125,000	425,000
2021 Wastewater Revenue Bonds	11,290,000	-	(400,000)	10,890,000	405,000
Bond Totals	31,060,000	-	(970,000)	30,090,000	990,000
Bond premium (net) 2020 Revenue Bonds	1,005,297	-	(60,914)	944,383	-
Bond Premium Totals	1,005,297	-	(60,914)	944,383	-
Revenue Bond Totals	32,065,297	-	(1,030,914)	31,034,383	990,000
	<u>\$ 41,445,297</u>	<u>\$ -</u>	<u>\$ (4,060,914)</u>	<u>\$ 37,384,383</u>	<u>\$ 4,110,000</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

The District had no unused Lines of Credit at December 31, 2023.

Debt Authorization

As of December 31, 2023, the District had remaining voted debt authorization of approximately \$69,770,000 from an election held December 22, 1987 at an interest rate not to exceed 18%. In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this audit, the amount and timing of any debt issuances is not determinable. The continued validity of the remaining general obligation from 1987 debt authorization may be in question as a result of Article X, Section 20 of the Constitution of the State of Colorado (see Note 7).

Note 5: Segment Information

The District's enterprise fund provides water and sewer services. Segment information for the year ended December 31, 2023, was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenue	\$ 4,176,290	\$ 2,736,127	\$ 6,912,417
Depreciation	\$ 1,234,686	\$ 806,252	\$ 2,040,938
Net operating income (loss)	\$ (824,617)	\$ (128,360)	\$ (952,977)
Total capital assets	\$28,778,341	\$ 13,834,782	\$ 42,613,123

Note 6: Intergovernmental Agreements

Rueter-Hess Reservoir Storage Easement

In 2008, the District entered into an agreement with Parker Water and Sanitation District ("Parker"), whereby Parker granted a water storage easement to the District in the Rueter-Hess Reservoir. The easement is a permanent, non-exclusive right for the District to use 1,200 acre feet of reservoir storage capacity. The total cost to the District relating to the easement was \$6,644,394, of which \$6,637,666 pertained to the easement agreement.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Regional Facilities Construction Agreement

On November 22, 1996, the District entered into a Second Amended and Restated Regional Facilities and Construction Agreement with Lincoln Park Metropolitan District (“Lincoln Park”) to replace a previous agreement between the parties dated April 15, 1992. This agreement provides that all rights, title and interest, including water rights, that Lincoln Park has in the water and sanitary sewer system, which serves both districts, were conveyed to the District. Certain water, sanitary sewer and street improvements, as defined in the agreement, within Lincoln Park’s boundaries were to be constructed and financed by the District. Any costs incurred within Lincoln Park’s boundaries that were not identified in the agreement were to be paid by Lincoln Park. The District will continue to own, operate and maintain the recreational and park facilities as well as the water and sewer facilities.

The Districts agreed that the first 2,531 single family ¾ inch water tap equivalents (SFEs) to be developed and delivered through the water facilities, as well as the water capacity necessary to serve certain irrigation properties within Lincoln Park’s boundaries were to be dedicated in perpetuity to supply water taps in the District. Water taps in excess of the above are dedicated to Lincoln Park. The District, Lincoln Park and the Developer have agreed to share pro rata the costs to maintain water rights in the Augmentation Plan.

The District has deposited water and sewer tap fees to the Debt Service Fund to meet debt service requirements by Board policy since all capital outlay has been made from bond proceeds.

Sewer treatment capacity in excess of 550,000 gallons per day is reserved to Lincoln Park. The District will construct certain streets and related components and shall operate, maintain and replace such streets until they have been deeded to Douglas County upon final approval and acceptance by the County.

The agreement also provides procedures for the escrow and disbursement of funds related to the construction of these facilities. Annually, the Districts are to agree to a construction budget.

The District is tracking Lincoln Park’s share of the Rueter-Hess cost described above and is applying sustainability and water resource fees attributable to Lincoln Park to reduce Lincoln Park’s share. The unpaid share accrues interest at 4.50% per annum. The balance owed under this arrangement was paid in full as of December 31, 2023.

Lincoln Park remits \$5.00 of the monthly park and recreation fee it collects to cover its share of the recreation center facility constructed by the District in 2010. The unpaid share accrues interest at 4.50% per annum. The balance owed under this arrangement was paid in full as of December 31, 2023.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Compark Business Campus Metropolitan District Regional Facilities Agreement

During 1998, the District entered into a Regional Facilities Agreement with Compark Business Campus Metropolitan District “Compark”, formerly Compark and E470 Business Campus Metropolitan District. The District agreed to provide water and sanitation services to the property within the Compark boundaries in exchange for conveyance by Compark of a minimum of 317 acre feet of water to the District. Compark also agreed to finance all facilities which are necessary for the District to provide water and sewer services to Compark properties. These facilities will be owned by the District. The agreement also provides that the District will receive an access fee for each single family equivalent combined water and sewer tap from Compark. As of December 31, 2023, the access fee was \$3,901.

The fee is adjusted September 1 of each year based on the Denver-Boulder CPI. The District received fees of \$241,733 during the year ended December 31, 2023.

The agreement was amended in 2008 “the Fourth Amendment” to provide for and clarify the procedures for developing funding and a renewable water capital plan. The amended agreement provides of Compark’s participation in the funding of certain water system infrastructure and the Rueter-Hess Reservoir water storage project (See “Rueter-Hess Reservoir Storage Easement” above). Compark is to provide reimbursement of \$118,983 plus 16.25% of the District’s administrative and legal costs for a pipeline, and \$1,072,500 plus 16.25% of the District’s investment in the Rueter-Hess Reservoir.

Water Infrastructure and Supply Efficiency (WISE) Partnership – Aurora Water, Denver Water, and South Metro Water Supply Authority (SMWSA) are in partnership to share infrastructure capacity and available water supplies in the South Metro area. Stonegate Village Metropolitan District is a member of SMWSA and has agreed to receive water through the WISE Partnership. Subscription levels are set by the board of the WISE Authority and payments for water and capacity are paid directly to South Metro Wise Authority on a monthly basis.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations qualifies for this exclusion.

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.

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 (the “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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 need for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 9: Interfund and Operating Transfers

The transfer of \$738,480 from the Sewer Fund to the General Fund was transferred for the purpose of funding the fence replacement project. This will be repaid as funds are collected in the General Fund from the specifically designated Fence Park and Recreation Fees. The transfer of \$1,018,414 from the Special Revenue Fund to the Water Fund was transferred for purpose of moving excess funds to the Water Fund. The transfer of \$2,178,533 from the Capital Projects Fund to the Water Fund was transferred for the purpose of funding capital improvement costs paid by that fund. The transfer of \$615,155 from the Capital Projects Fund to the Sewer Fund was transferred for the purpose of funding capital improvement costs paid by that fund. The transfer of \$3,000,000 from the Water Fund to the Capital Projects Fund was for the purpose of transferring a portion of the 2022 Ridgeway pipeline sales proceeds for future capital expenses.

REQUIRED SUPPLEMENTARY INFORMATION

STONEGATE VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 74,555	\$ 74,215	\$ (340)
Specific ownership taxes	5,964	6,914	950
Park and recreation fees	1,684,000	1,683,075	(925)
Conservation trust fund	50,000	50,788	788
Community center fees	33,200	37,046	3,846
Miscellaneous income	40,000	36,862	(3,138)
Net investment income	<u>10,000</u>	<u>45,032</u>	<u>35,032</u>
 Total Revenues	 <u>1,897,719</u>	 <u>1,933,932</u>	 <u>36,213</u>
EXPENDITURES			
District management	21,000	21,642	(642)
Accounting and audit	3,062	2,860	202
Directors' fees and payroll taxes	12,000	10,400	1,600
Legal	5,725	2,647	3,078
Elections	50,000	965	49,035
Insurance	10,028	12,593	(2,565)
Engineering	2,000	-	2,000
Repairs and maintenance	230,000	216,719	13,281
Landscape contract	490,000	487,296	2,704
Recreation Maintenance:			
Recreation operations/maint	119,000	87,077	31,923
Pool management	191,000	200,157	(9,157)
Pool chemicals/supplies/misc	100,000	74,465	25,535
Landscape improvements	160,000	125,415	34,585
Utilities	135,000	135,123	(123)
County treasurer's fees	1,118	1,112	6
Security and vandalism	5,500	6,828	(1,328)
Snow removal	40,000	19,349	20,651
Miscellaneous	2,755	5,451	(2,696)
Utility billing	2,562	2,612	(50)
CTF expenses	40,000	50,788	(10,788)
Communication/PR expense	250	4,500	(4,250)
Office and equipment expense	10,000	1,279	8,721
Capital expense	800,000	1,170,857	(370,857)
Emergency Reserve	2,416	-	2,416
Contingency	<u>809,732</u>	<u>-</u>	<u>809,732</u>
 Total Expenditures	 <u>3,243,148</u>	 <u>2,640,135</u>	 <u>603,013</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (1,345,429)	 (706,203)	 639,226
OTHER FINANCING SOURCES			
Transfer from other funds	<u>600,000</u>	<u>738,480</u>	<u>138,480</u>
 Total Other Financial Sources	 <u>600,000</u>	 <u>738,480</u>	 <u>138,480</u>
 NET CHANGE IN FUND BALANCE	 (745,429)	 32,277	 777,706
FUND BALANCE:			
BEGINNING OF YEAR	<u>745,429</u>	<u>820,816</u>	<u>75,387</u>
 END OF YEAR	 <u>\$ -</u>	 <u>\$ 853,093</u>	 <u>\$ 853,093</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Sustainability fees	\$ 1,242,000	\$ 1,205,881	\$ (36,119)
Miscellaneous income	4,000	3,859	(141)
Net investment income	<u>500</u>	<u>1,607</u>	<u>1,107</u>
 Total Revenues	 <u>1,246,500</u>	 <u>1,211,347</u>	 <u>(35,153)</u>
EXPENDITURES			
Repayment to Compark Metro	<u>175,870</u>	<u>192,933</u>	<u>(17,063)</u>
 Total Expenditures	 <u>175,870</u>	 <u>192,933</u>	 <u>(17,063)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,070,630	1,018,414	(52,216)
OTHER FINANCING SOURCES (USES)			
Transfer to Water Fund	<u>(1,070,630)</u>	<u>(1,018,414)</u>	<u>52,216</u>
 Total Other Financing Sources (Uses)	 <u>(1,070,630)</u>	 <u>(1,018,414)</u>	 <u>52,216</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
 END OF YEAR	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

SUPPLEMENTARY INFORMATION

STONEGATE VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 2,957,717	\$ 2,944,237	\$ (13,480)
Specific ownership taxes	266,195	274,282	8,087
Net investment income	<u>17,000</u>	<u>87,550</u>	<u>70,550</u>
 Total Revenues	 <u>3,240,912</u>	 <u>3,306,069</u>	 <u>65,157</u>
EXPENDITURES			
Debt service:			
Principal	3,030,000	3,030,000	-
Interest	116,312	115,299	1,013
County treasurer's fees	44,366	44,124	242
Paying agent fees	7,500	-	7,500
Miscellaneous	<u>500</u>	<u>-</u>	<u>500</u>
 Total Expenditures	 <u>3,198,678</u>	 <u>3,189,423</u>	 <u>9,255</u>
 NET CHANGE IN FUND BALANCE	 42,234	 116,646	 74,412
FUND BALANCE:			
BEGINNING OF YEAR	<u>22,115</u>	<u>45,939</u>	<u>23,824</u>
 END OF YEAR	 <u>\$ 64,349</u>	 <u>\$ 162,585</u>	 <u>\$ 98,236</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
PROPRIETARY FUND - WATER ACTIVITIES
For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Water sales	\$ 4,554,000	\$ 3,931,039	\$ (622,961)
Tap fees	100,000	991,318	891,318
Reimbursements	180,000	169,454	(10,546)
Capital true-up payments	80,000	75,797	(4,203)
Interest income	<u>55,000</u>	<u>641,251</u>	<u>586,251</u>
Total Revenues	<u>4,969,000</u>	<u>5,808,859</u>	<u>839,859</u>
EXPENDITURES			
Accounting / Audit	36,742	34,327	2,415
District management	189,000	194,835	(5,835)
Water operations management	24,720	24,825	(105)
Utility billing	23,058	23,046	12
Engineering/consulting	115,000	176,807	(61,807)
Insurance	40,110	49,437	(9,327)
Legal	68,695	31,760	36,935
Miscellaneous / office expenses	24,806	11,784	13,022
Dues and permits	5,000	4,466	534
Meter set costs	55,000	22,230	32,770
Meter read costs	8,000	1,377	6,623
Chemicals	100,000	54,696	45,304
Operations	412,000	406,146	5,854
Operating costs WISE-Renewable Water	301,000	144,676	156,324
Renewable water WISE	1,100,000	728,677	371,323
Lab analysis	50,000	28,828	21,172
Tools and Supplies	30,000	-	30,000
Meter replacement	25,000	-	25,000
Repair and replacement	500,000	225,077	274,923
Utilities	800,000	828,524	(28,524)
Water rights	90,000	35,453	54,547
Well Maintenance	60,000	4,597	55,403
Reimbursement expense	100,000	104,579	(4,579)
Master plan expense	-	44,011	(44,011)
Capital improvements	-	24,946	(24,946)
Debt service - interest	648,483	648,483	-
Debt service - principal	570,000	570,000	-
Custodian fee - debt	800	400	400
Replacement reserve	1,400,000	-	1,400,000
Contingency	<u>5,154,061</u>	<u>-</u>	<u>5,154,061</u>
Total Expenditures	<u>11,931,475</u>	<u>4,423,987</u>	<u>7,507,488</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,962,475)	1,384,872	8,347,347
OTHER FINANCING SOURCES (USES)			
Transfer from Special revenue fund	1,070,630	1,018,414	(52,216)
Transfer to Water/Sewer Capital Fund	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,929,370)</u>	<u>(1,981,586)</u>	<u>(52,216)</u>
NET CHANGE IN FUND BALANCE	<u>(8,891,845)</u>	<u>(596,714)</u>	<u>8,295,131</u>
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>10,391,845</u>	<u>12,312,028</u>	<u>1,920,183</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,500,000</u>	<u>\$ 11,715,314</u>	<u>\$ 10,215,314</u>
Funds available computed as follows:			
Current assets		\$ 12,151,149	
Current liabilities		<u>(435,835)</u>	
		<u>\$ 11,715,314</u>	

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
 PROPRIETARY FUND - SEWER ACTIVITIES
 For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Sewer charges	\$ 2,760,000	\$ 2,683,513	\$ (76,487)
Tap fees	100,000	991,318	891,318
Capital true-up payments	80,000	43,836	(36,164)
Other Income	10,000	8,778	(1,222)
Interest income	<u>50,000</u>	<u>384,402</u>	<u>334,402</u>
Total Revenues	<u>3,000,000</u>	<u>4,111,847</u>	<u>1,111,847</u>
EXPENDITURES			
Accounting / Audit	36,742	34,328	2,414
District management	210,000	216,424	(6,424)
Sewer operations management	24,720	24,825	(105)
Utility billing	25,620	24,952	668
Engineering/consulting	100,000	93,661	6,339
Insurance	50,138	61,797	(11,659)
Legal	68,695	31,760	36,935
Miscellaneous / office expenses	27,562	26,836	726
Chemicals	180,000	175,120	4,880
Operations	412,000	374,490	37,510
Lab analysis	50,000	34,984	15,016
Maintenance	375,000	335,866	39,134
Line cleaning	100,000	133,815	(33,815)
Utilities	75,000	77,640	(2,640)
Sludge disposal	75,000	62,601	12,399
Master plan expense	-	25,195	(25,195)
Capital improvements	150,000	141,798	8,202
Debt service - interest	313,887	313,888	(1)
Debt service - principal	400,000	400,000	-
Custodian fee - debt	600	800	(200)
Replacement reserve	3,300,000	-	3,300,000
Contingency	<u>1,735,652</u>	<u>-</u>	<u>1,735,652</u>
Total Expenditures	<u>7,710,616</u>	<u>2,590,780</u>	<u>5,119,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,710,616)	1,521,067	6,231,683
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	<u>(600,000)</u>	<u>(738,480)</u>	<u>(138,480)</u>
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(738,480)</u>	<u>(138,480)</u>
NET CHANGE IN FUND BALANCE	(5,310,616)	782,587	6,093,203
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>7,118,063</u>	<u>7,318,617</u>	<u>200,554</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,807,447</u>	<u>\$ 8,101,204</u>	<u>\$ 6,293,757</u>
Funds available computed as follows:			
Current assets		\$ 8,233,757	
Current liabilities		<u>(132,553)</u>	
		<u>\$ 8,101,204</u>	

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
 PROPRIETARY FUND - CAPITAL PROJECT ACTIVITIES
 For the Year Ended December 31, 2023

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Net investment income	\$ 45,000	\$ 249,490	\$ 204,490
Total Revenues	<u>45,000</u>	<u>249,490</u>	<u>204,490</u>
EXPENDITURES			
Water capital costs	5,954,000	2,178,533	3,775,467
Sewer upgrade	<u>356,000</u>	<u>615,155</u>	<u>(259,155)</u>
Total Expenditures	<u>6,310,000</u>	<u>2,793,688</u>	<u>3,516,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,265,000)</u>	<u>(2,544,198)</u>	<u>3,720,802</u>
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,265,000)	455,802	3,720,802
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>4,922,315</u>	<u>4,899,921</u>	<u>(22,394)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,657,315</u>	<u>\$ 5,355,723</u>	<u>\$ 3,698,408</u>
Funds available computed as follows:			
Current assets		\$ 5,900,053	
Current liabilities		<u>(544,330)</u>	
		<u>\$ 5,355,723</u>	

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

**RECONCILIATION OF REVENUES AND EXPENDITURES
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended December 31, 2023

Excess of revenues over expenditures	
Water Activities	\$ 1,384,872
Sewer Activities	1,521,067
Capital Activities	<u>(2,544,198)</u>
 Excess of revenues over expenditures - All Activities	 361,741
 Add non-cash transfers in/from governmental funds	 279,934
Add capital expenditures which are not an expense	2,960,432
Add debt service principal which is not an expense	970,000
Add amortization of bond premium which is an expense	60,914
Deduct accrued interest which is an expense	1,033
Deduct amortization of bond insurance which is an expense	(4,874)
Deduct amortization on deferred loss on refunding which is an expense	(3,506)
Deduct depreciation which is an expense	<u>(2,040,938)</u>
 Changes in Net Position per Statement of Revenues, Expenses and Changes in Net Position	 \$ <u>2,584,736</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE REQUIREMENTS TO MATURITY -GENERAL OBLIGATION

December 31, 2023

\$17,655,000 General Obligation

Refunding Loan Series 2020

Interest Rate of 1.24%

Payable June 1 and December 1

Principal Due December 1

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,120,000	\$ 78,740	\$ 3,198,740
2025	<u>3,230,000</u>	<u>40,052</u>	<u>3,270,052</u>
	<u>\$ 6,350,000</u>	<u>\$ 118,792</u>	<u>\$ 6,468,792</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE REQUIREMENTS TO MATURITY - PROPRIETARY FUNDS

December 31, 2023

Year	\$7,510,000 Water Revenue Bonds Series 2020 Interest Rate Varies from 3.00% to 4.00% Payable June 1 and December 1 Principal Due December 1			\$12,670,000 Water Revenue Bonds Series 2021 Interest Rate Varies from .75% to 3.5% Payable June 1 and December 1 Principal Due December 1			\$11,400,000 Wastewater Revenue Bonds Series 2021 Interest Rate Varies from .75% to 3.45% Payable June 1 and December 1 Principal Due December 1			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 160,000	\$ 281,400	\$ 441,400	\$ 425,000	\$ 358,490	\$ 783,490	\$ 405,000	\$ 310,088	\$ 715,088	\$ 990,000	\$ 949,978	\$ 1,939,978
2025	165,000	276,600	441,600	430,000	352,753	782,753	410,000	304,822	714,822	1,005,000	934,175	1,939,175
2026	175,000	270,000	445,000	430,000	345,873	775,873	420,000	298,468	718,468	1,025,000	914,341	1,939,341
2027	180,000	263,000	443,000	440,000	338,133	778,133	425,000	291,117	716,117	1,045,000	892,250	1,937,250
2028	185,000	255,800	440,800	450,000	329,332	779,332	430,000	282,830	712,830	1,065,000	867,962	1,932,962
2029	195,000	248,400	443,400	460,000	319,882	779,882	440,000	274,015	714,015	1,095,000	842,297	1,937,297
2030	200,000	240,600	440,600	465,000	309,762	774,762	450,000	264,555	714,555	1,115,000	814,917	1,929,917
2031	210,000	232,600	442,600	480,000	298,836	778,836	460,000	254,205	714,205	1,150,000	785,641	1,935,641
2032	220,000	224,200	444,200	495,000	286,836	781,836	475,000	242,935	717,935	1,190,000	753,971	1,943,971
2033	225,000	215,400	440,400	505,000	271,242	776,242	485,000	230,585	715,585	1,215,000	717,227	1,932,227
2034	235,000	206,400	441,400	525,000	255,336	780,336	500,000	215,550	715,550	1,260,000	677,286	1,937,286
2035	245,000	197,000	442,000	540,000	238,798	778,798	515,000	200,050	715,050	1,300,000	635,848	1,935,848
2036	255,000	187,200	442,200	555,000	221,788	776,788	535,000	184,085	719,085	1,345,000	593,073	1,938,073
2037	265,000	177,000	442,000	570,000	204,306	774,306	550,000	167,500	717,500	1,385,000	548,806	1,933,806
2038	275,000	166,400	441,400	595,000	184,926	779,926	565,000	149,075	714,075	1,435,000	500,401	1,935,401
2039	290,000	155,400	445,400	615,000	164,696	779,696	585,000	130,148	715,148	1,490,000	450,244	1,940,244
2040	300,000	143,800	443,800	635,000	143,786	778,786	605,000	110,550	715,550	1,540,000	398,136	1,938,136
2041	310,000	131,800	441,800	655,000	122,196	777,196	625,000	90,282	715,282	1,590,000	344,278	1,934,278
2042	325,000	119,400	444,400	675,000	99,926	774,926	645,000	69,346	714,346	1,645,000	288,672	1,933,672
2043	335,000	106,400	441,400	700,000	76,300	776,300	670,000	47,092	717,092	1,705,000	229,792	1,934,792
2044	350,000	93,000	443,000	730,000	51,800	781,800	695,000	23,978	718,978	1,775,000	168,778	1,943,778
2045	365,000	79,000	444,000	750,000	26,250	776,250	-	-	-	1,115,000	105,250	1,220,250
2046	380,000	64,400	444,400	-	-	-	-	-	-	380,000	64,400	444,400
2047	395,000	49,200	444,200	-	-	-	-	-	-	395,000	49,200	444,200
2048	410,000	33,400	443,400	-	-	-	-	-	-	410,000	33,400	443,400
2049	425,000	17,000	442,000	-	-	-	-	-	-	425,000	17,000	442,000
	<u>\$ 7,075,000</u>	<u>\$ 4,434,800</u>	<u>\$ 11,509,800</u>	<u>\$ 12,125,000</u>	<u>\$ 5,001,247</u>	<u>\$ 17,126,247</u>	<u>\$ 10,890,000</u>	<u>\$ 4,141,276</u>	<u>\$ 15,031,276</u>	<u>\$ 30,090,000</u>	<u>\$ 13,577,323</u>	<u>\$ 43,667,323</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2023

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2003	\$ 65,854,124	0.830	26.599	\$ 1,806,313	\$ 1,795,062	99.38%
2004	\$ 67,097,970	0.830	26.599	\$ 1,840,430	\$ 1,841,348	100.05%
2005	\$ 67,185,730	0.830	26.599	\$ 1,842,837	\$ 1,850,284	100.40%
2006	\$ 72,645,420	0.813	26.599	\$ 1,991,356	\$ 1,977,271	99.29%
2007	\$ 73,064,410	0.813	26.599	\$ 2,003,841	\$ 1,991,523	99.39%
2008	\$ 78,203,770	0.803	26.599	\$ 2,142,889	\$ 2,203,253	102.82%
2009	\$ 78,880,230	0.803	26.599	\$ 2,161,476	\$ 2,139,639	98.99%
2010	\$ 77,061,120	0.803	26.599	\$ 2,111,629	\$ 2,099,420	99.42%
2011	\$ 76,559,370	0.803	26.599	\$ 2,097,880	\$ 2,094,541	99.84%
2012	\$ 72,156,690	0.803	28.129	\$ 2,087,637	\$ 2,086,622	99.95%
2013	\$ 72,016,190	0.803	27.000	\$ 2,002,266	\$ 1,998,969	99.84%
2014	\$ 71,739,705	0.803	27.000	\$ 1,994,579	\$ 1,989,439	99.74%
2015	\$ 71,598,390	0.803	27.000	\$ 1,990,650	\$ 1,990,660	100.00%
2016	\$ 82,198,420	0.738	25.000	\$ 2,115,623	\$ 2,113,826	99.92%
2017	\$ 82,342,260	0.738	25.000	\$ 2,119,325	\$ 2,118,181	99.95%
2018	\$ 86,081,850	0.738	25.000	\$ 2,215,575	\$ 2,215,467	100.00%
2019	\$ 86,548,440	0.738	25.000	\$ 2,227,584	\$ 2,226,586	99.96%
2020	\$ 95,768,070	0.704	25.000	\$ 2,461,623	\$ 2,449,940	99.53%
2021	\$ 95,591,330	0.704	28.000	\$ 2,743,853	\$ 2,741,586	99.92%
2022	\$ 100,481,000	0.704	28.000	\$ 2,884,207	\$ 2,888,043	100.13%
2023	\$ 101,990,230	0.731	29.000	\$ 3,032,272	\$ 3,018,452	99.54%
Estimated for year ending December 31, 2024	\$ 128,816,960	0.610	23.000	\$ 3,041,368		

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.