

**VILLAGE CENTER METROPOLITAN
DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended December 31, 2024

**VILLAGE CENTER METROPOLITAN DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2024**

	Page
Independent Auditors' Report	<i>ii</i>
Management's Discussion and Analysis	<i>v</i>
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet—Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—General Fund	17
Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—Debt Service Fund	18



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Village Center Metropolitan District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Village Center Metropolitan District, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise Village Center Metropolitan District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Village Center Metropolitan District, as of December 31, 2024 and the respective changes in financial position, 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. 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 Village Center Metropolitan 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, 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 Village Center Metropolitan 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village Center Metropolitan 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 Village Center Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village Center Metropolitan District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
July 17, 2025

VILLAGE CENTER METROPOLITAN DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED DECEMBER 31, 2024

As management of Village Center Metropolitan District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows exceeded its total assets at the close of the most recent fiscal year by \$5,200,166, resulting in a deficit net position balance.
- The District's total net position increased during the year by \$156,371.
- Capital assets net of depreciation decreased by \$91,163 from the prior year due to depreciation exceeding capital outlays.
- The District's total outstanding long-term debt was reduced by \$310,000 in 2024.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$118,362, a decrease of \$26,659 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The

governmental activities of the District include general government, streets, and parks and recreation. Currently, the District has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole.

Governmental Funds: The activities of the of the District are reported in two governmental funds, the General fund, which focuses on (1) how money flows into and out of the funds and (2) the balances left at year-end that are available for spending or reserves; and the Debt Service Fund which accounts for the payment of long-term debt principal and interest. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2024, the District's liabilities and deferred inflows exceeded assets by \$5,200,166 resulting in a negative net position. The following reflects key financial information in a condensed format:

Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 933,371	\$ 983,812
Capital assets	<u>2,583,109</u>	<u>2,674,272</u>
Total assets	<u>3,516,480</u>	<u>3,658,084</u>
Long-term liabilities	7,925,000	8,235,000
Other liabilities	<u>41,814</u>	<u>30,515</u>
Total liabilities	<u>7,966,814</u>	<u>8,265,515</u>
Deferred inflows	<u>749,832</u>	<u>749,106</u>
Net investment in capital assets	(5,341,891)	(5,560,728)
Restricted	57,380	93,120
Unrestricted	<u>84,345</u>	<u>111,071</u>
Total net position	<u>\$ (5,200,166)</u>	<u>\$ (5,356,537)</u>

Condensed Statement of Activities

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	-	35,000
General revenues:		
Property and other taxes	828,569	759,262
Interest income	12,284	5,453
Capital Contributions	-	213,000
Gain on sale of assets	<u>7,200</u>	<u>-</u>
Total revenues	<u>848,053</u>	<u>1,012,715</u>
Expenses:		
General government	147,061	135,379
Streets and sidewalks	71,353	52,392
Parks and common spaces	142,401	411,585
Interest and fiscal charges	<u>330,867</u>	<u>499,608</u>
Total expenses	<u>691,682</u>	<u>1,098,964</u>
Change in net position	<u>156,371</u>	<u>(86,249)</u>
Net position, beginning	<u>(5,356,537)</u>	<u>(5,270,288)</u>
Net position, ending	<u>\$ (5,200,166)</u>	<u>\$ (5,356,537)</u>

ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the main operating fund of the District. The fund balance for the general fund was a surplus of \$118,362 at the end of the current fiscal year. Fund balance decreased \$26,659 in 2024 primarily due streets and sidewalks and general administrative.

The fund balance for the debt service fund was a surplus of \$49,780 at the end of the current fiscal year, a decrease of \$36,840. This decrease is a result of higher debt service payments.

BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- The budget was amended during the year, resulting in \$243,463 of budgeted revenues and \$255,720 of budgeted expenditures in the general fund.
- General fund actual revenues were \$8,559 over budget and general fund expenditures were \$5,967 over-budget. Over-budget expenditures were primarily related to district operations and snow removal.
- Debt service fund actual revenues were \$4,219 better than budget and debt service fund expenditures were \$67,574 over-budget. Over-budget expenditures were primarily related to actual debt service expenditures being more than anticipated. Additionally, the Board of Directors were able to make a payment towards principal.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2024 amounted to \$2,583,109. This investment in capital assets includes water and sewer infrastructure, safety improvements, and parks and recreation. A new pump motor was purchased in 2024.

Long-Term Debt

Outstanding debt at December 31, 2024 was \$7,925,000 and consisted of general obligation bonds payable. Bonded debt was used to fund public improvements. No new debt was issued during the year.

ECONOMIC FACTORS

The primary factor driving the District's budget is tax revenue. Budget property tax revenue exceeded actual by \$2,740 in the general fund in 2024 while debt service fell short \$16,614 in tax revenue. Tax revenue is expected to remain stagnant in 2025.

The 2025 budget has been prepared with the District's strategic plan in mind and with the priority of providing financial resources to service debt and fund operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Village Center Metropolitan District, WSDM, 3204 North Academy Boulevard, Suite 100, Colorado Springs, CO 80917.

BASIC FINANCIAL STATEMENTS

**VILLAGE CENTER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

Cash and investments	\$ 128,363
Restricted cash and investments	45,753
Cash with county treasurer	5,753
Accounts receivable	3,670
Property taxes receivable	749,832
Capital assets, net of accumulated depreciation	<u>2,583,109</u>
 Total assets	 <u>3,516,480</u>

LIABILITIES

Accounts payable	15,397
Accrued interest	26,417
Long-term liabilities:	
Due within one year	1,865,000
Due in more than one year	<u>6,060,000</u>
 Total liabilities	 <u>7,966,814</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	<u>749,832</u>
----------------------------------	----------------

NET POSITION

Net investment in capital assets	(5,341,891)
Restricted for:	
TABOR	7,600
Debt service	49,780
Unrestricted	<u>84,345</u>
 Total net position	 <u><u>\$ (5,200,166)</u></u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE CENTER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Change in
			Contributions	Net Position
Governmental activities:				
General government	\$ 147,061	\$ -	\$ -	\$ (147,061)
Streets and sidewalks	71,353	-	-	(71,353)
Parks and common spaces	142,401	-	-	(142,401)
Interest and fiscal charges	330,867	-	-	(330,867)
Total governmental activities	\$ 691,682	\$ -	\$ -	(691,682)
General revenues:				
Property and specific ownership taxes				828,569
Investment income				12,284
Gain on sale of assets				7,200
Total general revenues				848,053
Change in net position				156,371
Net position - beginning (deficit)				(5,356,537)
Net position - ending (deficit)				\$ (5,200,166)

The accompanying notes are an integral part of these financial statements.

**VILLAGE CENTER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Debt Service Fund	Total
ASSETS			
Cash and investments	\$ 128,363	\$ -	\$ 128,363
Restricted cash and investments	-	45,753	45,753
Cash with county treasurer	1,726	4,027	5,753
Accounts receivable	3,670	-	3,670
Property taxes receivable	224,950	524,882	749,832
	<u>\$ 358,709</u>	<u>\$ 574,662</u>	<u>\$ 933,371</u>
LIABILITIES			
Accounts payable	\$ 15,397	\$ -	\$ 15,397
	<u>15,397</u>	<u>-</u>	<u>15,397</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	224,950	524,882	749,832
	<u>224,950</u>	<u>524,882</u>	<u>749,832</u>
FUND BALANCES			
Restricted for:			
TABOR	7,600	-	7,600
Debt service	-	49,780	49,780
Unassigned	110,762	-	110,762
	<u>118,362</u>	<u>49,780</u>	<u>168,142</u>
Total fund balances	<u>118,362</u>	<u>49,780</u>	<u>168,142</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 358,709</u>	<u>\$ 574,662</u>	<u>\$ 933,371</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE CENTER METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balance of Governmental Funds	\$	168,142
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.		2,583,109
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued interest	\$ (26,417)	
General obligation bonds payable	<u>(7,925,000)</u>	<u>(7,951,417)</u>
Net position of governmental activities		<u><u>\$ (5,200,166)</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Debt Service Fund	Total
REVENUES			
Property taxes	\$ 227,472	\$ 530,768	\$ 758,240
Specific ownership taxes	21,099	49,230	70,329
Interest income	3,451	8,833	12,284
Total revenues	<u>252,022</u>	<u>588,831</u>	<u>840,853</u>
EXPENDITURES			
General administration	59,245	7,965	67,210
Streets and sidewalks	71,353	-	71,353
Parks and common spaces	131,089	-	131,089
Debt service:			
Principal	-	310,000	310,000
Interest and fiscal charges	-	331,900	331,900
Total expenditures	<u>261,687</u>	<u>649,865</u>	<u>911,552</u>
Excess (Deficiency) of revenues over expenditures	<u>(9,665)</u>	<u>(61,034)</u>	<u>(70,699)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(24,194)	24,194	-
Proceeds from sale of capital assets	7,200	-	7,200
Total other financing sources (uses)	<u>(16,994)</u>	<u>24,194</u>	<u>7,200</u>
Net change in fund balances	(26,659)	(36,840)	(63,499)
Fund balance - beginning	<u>145,021</u>	<u>86,620</u>	<u>231,641</u>
Fund balance - ending	<u>\$ 118,362</u>	<u>\$ 49,780</u>	<u>\$ 168,142</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE CENTER 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, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (63,499)

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

Governmental funds report capital outlay as expenditures, but in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	\$ 14,234	
Depreciation expense	<u>(105,397)</u>	(91,163)

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 the governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

Principal paid on long term debt	310,000
----------------------------------	---------

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

Accrued interest on long-term debt	<u>1,033</u>
------------------------------------	--------------

Change in net position of governmental activities	<u><u>\$ 156,371</u></u>
---	--------------------------

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village Center Metropolitan District (the “District”) is a quasi-municipal political subdivision of the State of Colorado organized to develop and provide certain services to the residents of the District. The District was formed by order of the District Court for the County of El Paso, Colorado following the favorable outcome of an organizational election held on November 2, 2004. The District, as a metropolitan district, derives its power from state statutes. Among the express statutory powers of the District are the powers of taxation and eminent domain, and the power to borrow money and issue both general obligation and revenue bonds.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The accompanying financial statements present the governmental and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

- The *General Fund* is the general operating fund of the District, used for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by Village Center Metropolitan District as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer infrastructure	40 years
Safety improvements	40 years
Parks and recreation	40 years

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2024 was 15.000 mills for general operating expenditures, and 35.000 mills for the payment of principal and interest on long-term debt. The District's assessed valuation for 2024 was \$14,982,110.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. During October, management submits to the Board of Trustees a proposed budget for all funds for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Prior to December 31, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual are the result of the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

Excess of expenditures over appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the General Fund and Debt Service Fund by \$5,967 and \$67,574, respectively. The excess of expenditures over appropriations were funded by additional revenue in the General fund and available beginning fund balance in the Debt Service Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2024 is as follows:

Deposits	\$ 131,657
Investments	<u>42,459</u>
Total	<u>\$ 174,116</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	\$ 128,363
Restricted cash and investments	<u>45,753</u>
Total	<u>\$ 174,116</u>

Cash deposits with financial institutions

Custodial credit risk—deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2024 the carrying amount of the District’s deposits was \$131,657 and the bank balances were \$131,657. All of the bank balances were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The District is required to comply with State statutes that specify investment instruments meeting defined rating maturity and concentration risk criteria in which local governments may invest, which include the following.

- Obligations of the United States and certain U.S. government agencies’ securities;
- Certain international agencies’ securities
- General obligation and revenue bonds of U.S. local government entities;
- Bankers’ acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

At December 31, 2024 the District’s investment balances were as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Markets	Less than 60 days	<u>\$ 42,459</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2024 is as follows:

Transfers:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	<u>\$ 24,194</u>

Outstanding balances between funds reflect the pledged revenues collected in the current year that were transmitted for tax revenues.

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Water and sewer infrastructure	\$ 2,619,342	\$ 14,234	\$ -	\$ 2,633,576
Safety improvements	574,626	-	-	574,626
Parks and common spaces	<u>1,021,842</u>	<u>-</u>	<u>-</u>	<u>1,021,842</u>
Total capital assets, being depreciated	<u>4,215,810</u>	<u>14,234</u>	<u>-</u>	<u>4,230,044</u>
Less accumulated depreciation for:				
Water and sewer infrastructure	\$ (982,253)	\$ (65,484)	\$ -	\$ (1,047,738)
Safety improvements	(215,485)	(14,366)	-	(229,851)
Parks and common spaces	<u>(343,800)</u>	<u>(25,547)</u>	<u>-</u>	<u>(369,346)</u>
Total accumulated depreciation	<u>(1,541,538)</u>	<u>(105,397)</u>	<u>-</u>	<u>(1,646,935)</u>
Total capital assets, being depreciated, net	<u>\$ 2,674,272</u>	<u>\$ (91,163)</u>	<u>\$ -</u>	<u>\$ 2,583,109</u>

Depreciation expense was charged to the programs of the governmental activities as follows:

General administration	\$ 79,850
Parks and common spaces	<u>25,547</u>
Total	<u>\$ 105,397</u>

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 - LONG-TERM OBLIGATIONS

General Obligation Bonds

\$8,235,000 of General Obligation Limited Tax Bonds, Series 2008 were issued on December 15, 2008 for the purpose of paying for public improvements. Principal is due annually on December 1 beginning in 2013 through 2038. Interest is due semi-annually on December 1 and June 1 and accrues at an annual interest of 0% to 4%. Due to funding limitations and as allowed by debt covenants, the District commenced repayment during the year ended December 31, 2024.

Unissued debt

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$20,000,000 at an interest rate not to exceed 16% per annum. \$11,765,000 remains unauthorized and unissued as of December 31, 2024.

Annual debt service requirements to maturity for general obligation bonds per the original debt service agreement are as follows:

Fiscal Year Ending December 31	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,865,000	\$ 255,200
2026	345,000	242,400
2027	355,000	228,600
2028	380,000	214,400
2029	400,000	199,200
2030-2034	2,310,000	739,600
2035-2038	<u>2,270,000</u>	<u>232,000</u>
Total	<u>\$ 7,925,000</u>	<u>\$ 2,111,400</u>

Changes in Long-term Obligations

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2024:

	<u>Balance</u> <u>12/31/23</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/24</u>	<u>Due Within</u> <u>One year</u>
General obligation bonds	<u>\$ 8,235,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 7,925,000</u>	<u>\$ 1,865,000</u>

**VILLAGE CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS

Intergovernmental agreement with Village Center Metropolitan District and The Town of Monument

On March 18, 2018, the District entered into an agreement with the Town of Monument (the Town) that provides for the Town to maintain the public roads within the District.

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

NOTE 9 – RELATED PARTY TRANSACTIONS

The developer of the District is the registered owner of the general obligation limited tax bonds outstanding.

NOTE 10 – AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 2, 2004, a majority of the District's electors authorized the District to collect, retain, and spend all fees, grants and other revenues, other than ad valorem taxes, without any limitations imposed under TABOR.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE CENTER METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 224,732	\$ 224,732	\$ 227,472	\$ 2,740
Specific ownership taxes	19,200	15,731	21,099	5,368
Interest income	-	3,000	3,451	451
Total revenues	<u>243,932</u>	<u>243,463</u>	<u>252,022</u>	<u>8,559</u>
EXPENDITURES				
General administration	49,334	59,118	59,245	(127)
Streets and sidewalks	30,000	27,882	71,353	(43,471)
Parks and common spaces	157,518	168,620	131,089	37,531
Contingency	7,080	100	-	100
Total expenditures	<u>243,932</u>	<u>255,720</u>	<u>261,687</u>	<u>(5,967)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(12,257)</u>	<u>(9,665)</u>	<u>2,592</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		7,200	7,200	-
Transfers in (out)	-	-	(24,194)	(24,194)
Total other financing sources (uses)	<u>-</u>	<u>7,200</u>	<u>(16,994)</u>	<u>(24,194)</u>
Net change in fund balance	-	(5,057)	(26,659)	(21,602)
Fund balance - beginning	<u>-</u>	<u>145,021</u>	<u>145,021</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 139,964</u>	<u>\$ 118,362</u>	<u>\$ (21,602)</u>

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

**VILLAGE CENTER METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 547,382	\$ 530,768	\$ (16,614)
Specific ownership taxes	35,000	49,230	14,230
Interest income	2,230	8,833	6,603
Total revenues	<u>584,612</u>	<u>588,831</u>	<u>4,219</u>
EXPENDITURES			
General administration	9,274	7,965	1,309
Principal			
Principal	-	310,000	(310,000)
Interest and fiscal charges	556,129	331,900	224,229
Other	16,888	-	16,888
Total expenditures	<u>582,291</u>	<u>649,865</u>	<u>(67,574)</u>
Excess (deficiency) of revenues over expenditures	2,321	(61,034)	(63,355)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	24,194	24,194
Net change in fund balance	2,321	(36,840)	(39,161)
Fund balance - beginning	<u>-</u>	<u>86,620</u>	<u>86,620</u>
Fund balance - ending	<u>\$ 2,321</u>	<u>\$ 49,780</u>	<u>\$ 47,459</u>

See the accompanying Independent Auditors' Report.