

STONEGATE VILLAGE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the 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, 2022, 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 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 require that the budgetary comparison information on pages 31 and 32 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. 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. 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
Lakewood, Colorado

July 9, 2023

STONEGATE VILLAGE METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 777,282	\$ 19,253,114	\$ 20,030,396
Cash and investments - restricted	36,239	5,108,712	5,144,951
Accounts receivable - customer	236,076	572,127	808,203
Accounts receivable - other	-	370,268	370,268
Accounts receivable - county treasurer	18,297	-	18,297
Property taxes receivable	3,032,272	-	3,032,272
Prepaid expense	117,955	-	117,955
Prepaid bond insurance	-	116,053	116,053
Total Current Assets	<u>4,218,121</u>	<u>25,420,274</u>	<u>29,638,395</u>
CAPITAL ASSETS			
Capital assets, net of accumulated depreciation	<u>14,108,663</u>	<u>41,693,629</u>	<u>55,802,292</u>
Total Assets	<u>18,326,784</u>	<u>67,113,903</u>	<u>85,440,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	<u>538,200</u>	<u>72,313</u>	<u>610,513</u>
Total deferred outflows of resources	<u>538,200</u>	<u>72,313</u>	<u>610,513</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	310,827	708,947	1,019,774
Retainage payable	8,267	64,709	72,976
Accrued bond interest payable	9,693	80,198	89,891
Bonds payable, due within one year	<u>3,030,000</u>	<u>970,000</u>	<u>4,000,000</u>
Total Current Liabilities	<u>3,358,787</u>	<u>1,823,854</u>	<u>5,182,641</u>
LONG-TERM LIABILITIES			
Bonds payable, net of current portion	<u>6,350,000</u>	<u>31,095,297</u>	<u>37,445,297</u>
Total Liabilities	<u>9,708,787</u>	<u>32,919,151</u>	<u>42,627,938</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	<u>3,032,272</u>	-	<u>3,032,272</u>
Total deferred inflows of resources	<u>3,032,272</u>	-	<u>3,032,272</u>
NET POSITION			
Net investment in capital assets	4,728,663	9,628,332	14,356,995
Restricted for:			
Emergency reserve	2,416	-	2,416
Debt service	36,246	-	36,246
Capital projects	-	5,108,712	5,108,712
Unrestricted:	<u>1,356,600</u>	<u>19,530,021</u>	<u>20,886,621</u>
Total Net Position	<u>\$ 6,123,925</u>	<u>\$ 34,267,065</u>	<u>\$ 40,390,990</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, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Operating</u>	
					<u>Business-type Activities</u>	<u>Total</u>
Primary Government:						
Governmental Activities:						
General government	\$ 701,741	\$ -	\$ -	\$ (701,741)	\$ -	\$ (701,741)
Landscape and recreation	1,321,718	1,718,964	46,452	443,698	-	443,698
Interest and related costs on long-term debt	333,377	-	-	(333,377)	-	(333,377)
Total Governmental Activities	2,356,836	1,718,964	46,452	(591,420)	-	(591,420)
Business-Type Activities:						
Water	5,604,671	4,554,268	-	-	(1,050,403)	(1,050,403)
Sewer	2,728,418	2,691,548	-	-	(36,870)	(36,870)
Total Business-Type Activities	8,333,089	7,245,816	-	-	(1,087,273)	(1,087,273)
Total	\$ 10,689,925	\$ 8,964,780	\$ 46,452	(591,420)	(1,087,273)	(1,678,693)
General Revenues:						
Property taxes				2,888,043	-	2,888,043
Specific ownership taxes				255,051	-	255,051
Reimbursed expenses				-	191,613	191,613
Net investment income				47,014	338,726	385,740
Sustainability fees				1,169,792	-	1,169,792
Tap fees				-	1,565,044	1,565,044
Other revenues				44,970	10,209	55,179
Gain on sale of capital assets				-	1,158,230	1,158,230
Transfer (to) from other funds				(603,336)	603,336	-
Total General Revenues				3,801,534	3,867,158	7,668,692
Change in Net Position				3,210,114	2,779,885	5,989,999
Net Position:						
Beginning				2,913,811	31,487,180	34,400,991
Ending				\$ 6,123,925	\$ 34,267,065	\$ 40,390,990

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 731,003	\$ -	\$ 46,279	\$ 777,282
Cash and investments - restricted	2,416	33,823	-	36,239
Accounts receivable - customer	236,076	-	-	236,076
Accounts receivable - county treasurer	449	17,848	-	18,297
Property taxes receivable	74,555	2,957,717	-	3,032,272
Prepaid expense	<u>117,955</u>	<u>-</u>	<u>-</u>	<u>117,955</u>
Total Assets	<u>\$ 1,162,454</u>	<u>\$ 3,009,388</u>	<u>\$ 46,279</u>	<u>\$ 4,218,121</u>
LIABILITIES				
Accounts payable	\$ 258,816	\$ 5,732	\$ 46,279	\$ 310,827
Retainage payable	<u>8,267</u>	<u>-</u>	<u>-</u>	<u>8,267</u>
Total Liabilities	<u>267,083</u>	<u>5,732</u>	<u>46,279</u>	<u>319,094</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>74,555</u>	<u>2,957,717</u>	<u>-</u>	<u>3,032,272</u>
Total Deferred Inflows of Resources	<u>74,555</u>	<u>2,957,717</u>	<u>-</u>	<u>3,032,272</u>
FUND BALANCES:				
Nonspendable:				
Prepays	117,955	-	-	117,955
Restricted for:				
Emergency reserve	2,416	-	-	2,416
Debt service	-	45,939	-	45,939
Unassigned	<u>700,445</u>	<u>-</u>	<u>-</u>	<u>700,445</u>
Total Fund Balance	<u>820,816</u>	<u>45,939</u>	<u>-</u>	<u>866,755</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,162,454</u>	<u>\$ 3,009,388</u>	<u>\$ 46,279</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				14,108,663
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds				
Loans payable				(9,380,000)
Accrued interest on bonds payable				(9,693)
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				
Bond refunding loss - net				<u>538,200</u>
Net Position of Governmental Activities				<u>\$ 6,123,925</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 BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
Property taxes	\$ 70,833	\$ 2,817,210	\$ -	\$ 2,888,043
Specific ownership taxes	6,255	248,796	-	255,051
Park and recreation fees	1,685,308	-	-	1,685,308
Conservation trust fund	46,452	-	-	46,452
Community center fees	33,656	-	-	33,656
Sustainability fees	-	-	1,169,792	1,169,792
Miscellaneous income	41,376	-	3,594	44,970
Net investment income	<u>13,148</u>	<u>33,424</u>	<u>442</u>	<u>47,014</u>
Total Revenues	<u>1,897,028</u>	<u>3,099,430</u>	<u>1,173,828</u>	<u>6,170,286</u>
EXPENDITURES				
General government:				
Administration	53,877	42,219	179,672	275,768
Parks and recreation	1,321,718	-	-	1,321,718
Debt service:				
Principal	-	2,940,000	-	2,940,000
Interest	-	151,889	-	151,889
Capital outlay:				
Parks and recreation	<u>870,827</u>	<u>-</u>	<u>-</u>	<u>870,827</u>
Total Expenditures	<u>2,246,422</u>	<u>3,134,108</u>	<u>179,672</u>	<u>5,560,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(349,394)	(34,678)	994,156	610,084
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	<u>390,820</u>	<u>-</u>	<u>(994,156)</u>	<u>(603,336)</u>
Total Other Financing Sources (Uses)	<u>390,820</u>	<u>-</u>	<u>(994,156)</u>	<u>(603,336)</u>
NET CHANGE IN FUND BALANCES				
	41,426	(34,678)	-	6,748
FUND BALANCE:				
BEGINNING OF YEAR	<u>779,390</u>	<u>80,617</u>	<u>-</u>	<u>860,007</u>
END OF YEAR	<u>\$ 820,816</u>	<u>\$ 45,939</u>	<u>\$ -</u>	<u>\$ 866,755</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, 2022

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

Net change in fund balances - Total governmental funds	\$	6,748
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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	870,827
Depreciation expense	(425,973)

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	2,940,000

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>3,038</u>
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Change in Net Position of Governmental Activities	\$	<u><u>3,210,114</u></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 FUND
 December 31, 2022

	Water	Sewer	Capital Projects	Total
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 12,212,352	\$ 7,040,762	\$ -	\$ 19,253,114
Cash and investments - restricted	-	-	5,108,712	5,108,712
Accounts receivable - customer	318,513	253,614	-	572,127
Accounts receivable - other	232,187	138,081	-	370,268
Prepaid bond insurance	82,447	33,606	-	116,053
Total Current Assets	12,845,499	7,466,063	5,108,712	25,420,274
CAPITAL ASSETS				
Water rights	2,963,385	-	-	2,963,385
Water system	45,497,707	-	-	45,497,707
Sewer treatment system and plant	-	32,571,887	-	32,571,887
Less accumulated depreciation	(20,651,544)	(18,687,806)	-	(39,339,350)
Net capital assets	27,809,548	13,884,081	-	41,693,629
Total Assets	\$ 40,655,047	\$ 21,350,144	\$ 5,108,712	\$ 67,113,903
DEFERRED OUTFLOWS OF RESOURCES				
Deferred (gain) loss on refunding	(103,811)	176,124	-	72,313
Total deferred outflows of resources	(103,811)	176,124	-	72,313
Total Assets and Deferred Outflows of Resources	\$ 40,551,236	\$ 21,526,268	\$ 5,108,712	\$ 67,186,216
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 451,024	\$ 113,841	\$ 144,082	\$ 708,947
Retainage payable	-	-	64,709	64,709
Accrued bond interest payable	54,041	26,157	-	80,198
Bonds payable, due within one year	570,000	400,000	-	970,000
Total Current Liabilities	1,075,065	539,998	208,791	1,823,854
LONG-TERM LIABILITIES				
Bonds payable, net of current portion	20,205,297	10,890,000	-	31,095,297
Total Liabilities	21,280,362	11,429,998	208,791	32,919,151
NET POSITION				
Net investment in capital assets	7,034,251	2,594,081	-	9,628,332
Unrestricted	12,236,623	7,502,189	4,899,921	24,638,733
Total Net Position	19,270,874	10,096,270	4,899,921	34,267,065
Total Liabilities and Net Position	\$ 40,551,236	\$ 21,526,268	\$ 5,108,712	\$ 67,186,216

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 FUND
For the Year Ended December 31, 2022

	Water	Sewer	Capital Projects	Total
OPERATING REVENUES				
Water sales	\$ 4,419,982	\$ -	\$ -	\$ 4,419,982
Sewer charges	-	2,614,398	-	2,614,398
Reimbursements	191,613	-	-	191,613
Capital true-up payments	134,286	77,150	-	211,436
Other income	-	10,209	-	10,209
Total Operating Revenues	<u>4,745,881</u>	<u>2,701,757</u>	<u>-</u>	<u>7,447,638</u>
OPERATING EXPENSES				
Accounting / Audit	36,392	36,392	-	72,784
District management	172,892	192,103	-	364,995
Operations management	24,102	24,102	-	48,204
Utility billing	20,919	22,025	-	42,944
Engineering/consulting	85,362	104,246	-	189,608
Insurance	37,825	47,282	-	85,107
Legal	37,873	41,214	-	79,087
Miscellaneous / office expenses	13,498	26,319	-	39,817
Dues and permits	4,510	-	-	4,510
Meter set costs	74,084	-	-	74,084
Chemicals	76,108	158,593	-	234,701
Operations	360,579	327,195	-	687,774
Operating costs WISE-Renewable Water	117,301	-	-	117,301
Renewable water WISE	1,350,487	-	-	1,350,487
Lab analysis	31,689	43,702	-	75,391
Maintenance	-	328,299	-	328,299
Repair and replacement	314,484	-	-	314,484
Line cleaning	-	82,789	-	82,789
Utilities	779,139	76,364	-	855,503
Sludge disposal	-	65,437	-	65,437
Well Maintenance	45,285	-	-	45,285
Reimbursement expense	112,241	-	-	112,241
ASR project management	73	-	-	73
Debt service - interest	602,216	335,133	-	937,349
Custodian fee - debt	-	726	-	726
Depreciation	<u>1,307,612</u>	<u>816,497</u>	<u>-</u>	<u>2,124,109</u>
Total Operating Expenses	<u>5,604,671</u>	<u>2,728,418</u>	<u>-</u>	<u>8,333,089</u>
INCOME (LOSS) FROM OPERATIONS	<u>(858,790)</u>	<u>(26,661)</u>	<u>-</u>	<u>(885,451)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfer (to)/from other funds	2,660,696	(390,820)	(1,666,540)	603,336
Gain from sale of Ridgegate pipeline	1,158,230	-	-	1,158,230
Tap fees	782,522	782,522	-	1,565,044
Interest income	<u>138,297</u>	<u>111,283</u>	<u>89,146</u>	<u>338,726</u>
Non-Operating Revenues (Expenses)	<u>4,739,745</u>	<u>502,985</u>	<u>(1,577,394)</u>	<u>3,665,336</u>
NET INCOME (LOSS) - CHANGE IN NET POSITION	3,880,955	476,324	(1,577,394)	2,779,885
NET POSITION - BEGINNING OF YEAR	<u>15,389,919</u>	<u>9,619,946</u>	<u>6,477,315</u>	<u>31,487,180</u>
NET POSITION - END OF YEAR	<u>\$ 19,270,874</u>	<u>\$ 10,096,270</u>	<u>\$ 4,899,921</u>	<u>\$ 34,267,065</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, 2022

	Water	Sewer	Capital Projects	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 4,391,127	\$ 2,601,763	\$ -	\$ 6,992,890
Other receipts	342,538	121,928	-	464,466
Payments to suppliers	<u>(3,882,844)</u>	<u>(1,575,324)</u>	<u>89,816</u>	<u>(5,368,352)</u>
Net Cash Provided (Required) by Operating Activities	<u>850,821</u>	<u>1,148,367</u>	<u>89,816</u>	<u>2,089,004</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Bond principal and interest paid	(1,220,568)	(719,228)	-	(1,939,796)
Capital improvements	-	-	(1,666,540)	(1,666,540)
Tap fees	782,522	782,522	-	1,565,044
Deferred refunding costs	(4,530)	8,036	-	3,506
Sale of Ridgeway Pipeline	3,935,585	-	-	3,935,585
Transfer from other funds	<u>994,156</u>	<u>(390,820)</u>	<u>-</u>	<u>603,336</u>
Net Cash Provided (Required) by Capital and Related Financing Activities	<u>4,487,165</u>	<u>(319,490)</u>	<u>(1,666,540)</u>	<u>2,501,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	<u>138,297</u>	<u>111,283</u>	<u>89,146</u>	<u>338,726</u>
Net Cash Provided (Required) by Investing Activities	<u>138,297</u>	<u>111,283</u>	<u>89,146</u>	<u>338,726</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	5,476,283	940,160	(1,487,578)	4,928,865
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>6,736,069</u>	<u>6,100,602</u>	<u>6,596,290</u>	<u>19,432,961</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 12,212,352</u>	<u>\$ 7,040,762</u>	<u>\$ 5,108,712</u>	<u>\$ 24,361,826</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES				
Net income (loss) from operations	\$ (858,790)	\$ (26,661)	\$ -	\$ (885,451)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES				
Depreciation	1,307,612	816,497	-	2,124,109
Amortization of Bond Premium	(61,872)	-	-	(61,872)
Interest expense	645,568	309,228	-	954,796
Changes in Assets and Liabilities:				
Accounts payable	(192,531)	9,500	41,018	(142,013)
Retainage payable	-	-	48,798	48,798
Accrued bond interest payable	19,709	16,336	-	36,045
Receivables	(12,216)	21,934	-	9,718
Prepaid expenses	<u>3,341</u>	<u>1,533</u>	<u>-</u>	<u>4,874</u>
Net Adjustments	<u>1,709,611</u>	<u>1,175,028</u>	<u>89,816</u>	<u>2,974,455</u>
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	<u>\$ 850,821</u>	<u>\$ 1,148,367</u>	<u>\$ 89,816</u>	<u>\$ 2,089,004</u>

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

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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, 2022

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, 2022

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, 2022

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.

In November 2022, the District amended its total appropriations in the Debt Service Fund from \$3,073,124 to \$3,150,000 primarily due to debt service costs of the 2020 GO Refunding Loan (see Note 4).

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, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and 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, 2022

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District 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, 2022, the accumulated amortizations of the bond insurance costs, the bond premium and the debt refunding costs were \$6,671, \$128,232, and \$464,967, respectively.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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	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, 2022

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 \$117,955 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 \$2,416 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 \$45,939 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, 2022

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, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 20,030,396
Cash and investments – Restricted	<u>5,144,951</u>
Total	\$ <u>25,175,347</u>

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

Deposits with financial institutions	\$ 2,102,091
Investments – COLOTRUST	<u>23,073,256</u>
	\$ <u>25,175,347</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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, 2022, the District’s cash deposits had a bank balance and a carrying balance of \$2,102,091.

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, 2022

As of December 31, 2022, the District had the following investment:

COLOTRUST

As of December 31, 2022, 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, 2022, the District had \$23,073,256 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

During October of 2022, the District sold a portion of the Stonegate Ridgegate Pipeline Capacity to Parker Water Sanitation District and the rest to the Town of Castle Rock. The assets were conveyed in October and the related cost and related accumulated depreciation of \$3,256,793 and \$479,438, respectively, of the Stonegate Ridgegate Pipeline have been removed from the District assets as of December 31, 2022.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

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

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
<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	1,838,953	814,465	-	2,653,418
Total capital assets not being depreciated:	<u>8,165,950</u>	<u>814,465</u>	<u>-</u>	<u>8,980,415</u>
<u>Capital assets being depreciated:</u>				
Recreation center	4,077,955	56,362	-	4,134,317
Other recreation equipment/fences	1,325,814	-	-	1,325,814
Vehicles	6,000	-	-	6,000
Reservoir	6,700,234	-	-	6,700,234
Total capital assets being depreciated:	12,110,003	56,362	-	12,166,365
Accumulated Depreciation	6,612,144	425,973	-	7,038,117
Net capital assets being depreciated:	<u>5,497,859</u>	<u>(369,611)</u>	<u>-</u>	<u>5,128,248</u>
Governmental assets, net	<u>\$ 13,663,809</u>	<u>\$ 444,854</u>	<u>\$ -</u>	<u>\$ 14,108,663</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	745,070	1,666,540	745,070	1,666,540
Construction in progress - Sewer system	17,025	-	17,025	-
Total capital assets not being depreciated:	<u>3,725,480</u>	<u>1,666,540</u>	<u>762,095</u>	<u>4,629,925</u>
<u>Capital assets being depreciated:</u>				
Water system	46,342,890	745,070	3,256,793	43,831,167
Sewer system	32,554,862	17,025	-	32,571,887
Total capital assets being depreciated:	78,897,752	762,095	3,256,793	76,403,054
Accumulated Depreciation	37,694,679	2,124,109	479,438	39,339,350
Net capital assets being depreciated:	<u>41,203,073</u>	<u>(1,362,014)</u>	<u>2,777,355</u>	<u>37,063,704</u>
Business-type assets, net	<u>\$ 44,928,553</u>	<u>\$ 304,526</u>	<u>\$ 3,539,450</u>	<u>\$ 41,693,629</u>

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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2022, 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.

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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

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

	Principal	Interest	Total
2023	\$ 3,030,000	\$ 116,312	\$ 3,146,312
2024	3,120,000	78,740	3,198,740
2025	3,230,000	40,052	3,270,052
	\$ 9,380,000	\$ 235,104	\$ 9,615,104

\$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 interests 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.

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.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 interests 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, 2022

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.

\$13,040,000 Wastewater Enterprise Revenue Bonds, Series 2014

On May 2, 2014, the District issued \$13,040,000 of Wastewater Revenue Bonds, Series 2014 (“Series 2014 Bonds”). The Series 2014 Bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable semiannually on each June 1 and December 1, commencing on June 1, 2014. The Series 2014 Bonds are subject to scheduled principal payments commencing on December 1, 2014. Bonds maturing after December 1, 2022 are subject to optional redemption on or after December 1, 2022 at par. The Series 2014 Bonds are secured by the net revenues of the sewer activity of the District’s enterprise fund. The Series 2014 Bonds were issued to provide \$13,200,000 for the rehabilitation of the sanitary sewer system. The District received a premium of \$417,963 and incurred insurance costs of \$52,235, both of which are being amortized over the life of the Series 2014 Bonds in the statement of net position and the statement of activities.

On December 21, 2021, the Series 2014 Bonds were refunded by the issuance of the Series 2021 Wastewater Bonds with the exception of the principal amount of \$300,000 which was due December 1, 2022. This balance was paid in full and the debt has been fully removed from the District statement of net position as of December 31, 2022.

\$13,825,000 Water Enterprise Revenue Bonds, Series 2015

On October 28, 2015, the District issued \$13,825,000 of Water Revenue Bonds, Series 2015 (“Series 2015 Bonds”). The Series 2015 Bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable semiannually on each June 1 and December 1, commencing on December 1, 2015. The Series 2015 Bonds are subject to scheduled principal payments commencing on December 1, 2015. Bonds maturing after December 1, 2023 are subject to optional redemption on or after December 1, 2022 at par. The Series 2015 Bonds are secured by the net revenues of the water activity of the District’s enterprise fund. The Series 2015 Bonds were issued to finance improvements to the District’s water system and pay the costs of issuing the Series 2015 Bonds. The District received a premium of \$914,465 and incurred insurance costs of \$63,649, both of which are being amortized over the life of the Series 2015 Bonds in the statement of net position and the statement of activities.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

On December 21, 2021, the Series 2015 Bonds were refunded by the issuance of the Series 2021 Water Bonds with the exception of the principal amount of \$295,000 which was due December 1, 2022. This balance was paid in full and the debt has been fully removed from the District statement of net position as of December 31, 2022.

\$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 2014 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 2014, 2015 and 2020 Bond Resolutions 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 2015 Bonds and 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 2014 Bonds or Series 2015 Bonds in the event of a default.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 970,000	\$ 962,370	\$ 1,932,370
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
2027-2031	5,470,000	4,203,067	9,673,067
2032-2036	6,310,000	3,377,405	9,687,405
2037-2041	7,440,000	2,241,865	9,681,865
2042-2046	6,620,000	856,892	7,476,892
2047-2049	1,230,000	99,600	1,329,600
	<u>\$ 31,060,000</u>	<u>\$ 14,539,693</u>	<u>\$ 45,599,693</u>

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Current</u> <u>Portion</u>
<u>Loans from direct borrowings and direct placements:</u>					
GO Refunding Loan - Series 2020	\$ 12,320,000	\$ -	\$ (2,940,000)	\$ 9,380,000	\$ 3,030,000
Loan Totals	12,320,000	-	(2,940,000)	9,380,000	3,030,000
<u>Revenue Bonds:</u>					
2014 Wastewater Revenue Bonds	300,000	-	(300,000)	-	-
2015 Water Enterprise Revenue Bonds	295,000	-	(295,000)	-	-
2020 Water Enterprise Revenue Bonds	7,380,000	-	(150,000)	7,230,000	155,000
2021 Water Revenue Bonds	12,670,000	-	(130,000)	12,540,000	415,000
2021 Wastewater Revenue Bonds	11,400,000	-	(110,000)	11,290,000	400,000
Bond Totals	32,045,000	-	(985,000)	31,060,000	970,000
Bond premium (net) 2020 Revenue Bonds	1,067,169	-	(61,872)	1,005,297	-
Bond Premium Totals	1,067,169	-	(61,872)	1,005,297	-
Revenue Bond Totals	<u>33,112,169</u>	<u>-</u>	<u>(1,046,872)</u>	<u>32,065,297</u>	<u>970,000</u>
	<u>\$ 45,432,169</u>	<u>\$ -</u>	<u>\$ (3,986,872)</u>	<u>\$ 41,445,297</u>	<u>\$ 4,000,000</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

The District had no Unused Lines of Credit at December 31, 2022.

Debt Authorization

As of December 31, 2022, 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, 2022, was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenue	\$ 4,745,881	\$ 2,701,757	\$ 7,447,638
Depreciation	\$ 1,307,612	\$ 816,497	\$ 2,124,109
Net operating income (loss)	\$ (858,790)	\$ (26,661)	\$ (885,451)
Total capital assets	\$27,809,548	\$ 13,884,081	\$ 41,693,629

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, 2022

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, 2022.

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, 2022.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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, 2022, the access fee was \$3,736.

The fee is adjusted September 1 of each year based on the Denver-Boulder CPI. The District did not receive any fees during the year ended December 31, 2022.

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.

Agreement for Purchase and Sale of Ridgeway Pipeline Capacity (Town of Castle Rock)

On October 18, 2022, the District entered into the Agreement for Purchase and Sale of Ridgeway Pipeline Capacity with the Town of Castle Rock (“Castle Rock”) to sell 2.5 mgd of the Stonegate Ridgeway Pipeline Capacity for \$3,272,988. Subsequently, the Bill of Sale was executed and the transfer was made to Castle Rock.

Agreement for Purchase and Sale of Ridgeway Pipeline Capacity (Parker Water and Sanitation District)

On December 9th, 2022, the District entered into the Agreement for Purchase and Sale of Ridgeway Pipeline Capacity with Parker Water and Sanitation District (“PWSD”) to sell the remaining .5 mgd of the Stonegate Ridgeway Pipeline Capacity for \$662,597. Subsequently, the Bill of Sale was executed and the transfer was made to PWSD.

STONEGATE VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

As the result of these two transactions, the District no longer has an interest in the Ridgeway Pipeline Capacity as of December 31, 2022.

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, 2022

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 \$390,820 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 \$994,156 from the Special Revenue Fund to the Water Fund was transferred for purpose of moving excess funds to the Water Fund. The transfer of \$1,666,540 from the Capital Projects Fund to the Water Fund was transferred for the purpose of funding capital improvement costs.

REQUIRED SUPPLEMENTAL 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, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 70,739	\$ 70,833	\$ 94
Specific ownership taxes	5,659	6,255	596
Park and recreation fees	1,795,824	1,685,308	(110,516)
Conservation trust fund	52,000	46,452	(5,548)
Community center fees	23,700	33,656	9,956
Miscellaneous income	5,000	41,376	36,376
Net investment income	<u>1,000</u>	<u>13,148</u>	<u>12,148</u>
 Total Revenues	 <u>1,953,922</u>	 <u>1,897,028</u>	 <u>(56,894)</u>
EXPENDITURES			
District management	20,000	19,210	790
Accounting and audit	2,867	3,032	(165)
Directors' fees and payroll taxes	12,000	10,900	1,100
Legal	6,300	3,605	2,695
Elections	50,000	4,654	45,346
Insurance	10,000	9,456	544
Engineering	2,000	-	2,000
Repairs and maintenance	200,000	234,994	(34,994)
Landscape contract	435,000	432,504	2,496
Recreation Maintenance:			
Recreation operations/maint	107,000	101,345	5,655
Pool management	178,675	181,050	(2,375)
Pool chemicals/supplies/misc	92,000	108,647	(16,647)
Landscape improvements	160,000	39,528	120,472
Utilities	135,000	126,972	8,028
County treasurer's fees	1,061	1,062	(1)
Security and vandalism	3,500	4,097	(597)
Snow removal	40,000	37,080	2,920
Miscellaneous	3,307	7,029	(3,722)
Utility billing	1,654	2,020	(366)
CTF expenses	40,000	46,452	(6,452)
Communication/PR expense	250	-	250
Office and equipment expense	10,000	1,958	8,042
Capital expense	1,300,000	870,827	429,173
Emergency Reserve	2,292	-	2,292
Contingency	<u>341,119</u>	<u>-</u>	<u>341,119</u>
 Total Expenditures	 <u>3,154,025</u>	 <u>2,246,422</u>	 <u>907,603</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(1,200,103)</u>	 <u>(349,394)</u>	 <u>850,709</u>
OTHER FINANCING SOURCES			
Transfer from other funds	<u>808,276</u>	<u>390,820</u>	<u>(417,456)</u>
 Total Other Financial Sources	 <u>808,276</u>	 <u>390,820</u>	 <u>(417,456)</u>
 NET CHANGE IN FUND BALANCE	 <u>(391,827)</u>	 <u>41,426</u>	 <u>433,253</u>
FUND BALANCE:			
BEGINNING OF YEAR	<u>391,827</u>	<u>779,390</u>	<u>387,563</u>
 END OF YEAR	 <u>\$ -</u>	 <u>\$ 820,816</u>	 <u>\$ 820,816</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, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Sustainability fees	\$ 1,207,224	\$ 1,169,792	\$ (37,432)
Miscellaneous income	4,000	3,594	(406)
Net investment income	500	442	(58)
 Total Revenues	 1,211,724	 1,173,828	 (37,896)
EXPENDITURES			
Repayment to Compark Metro	175,870	179,672	(3,802)
 Total Expenditures	 175,870	 179,672	 (3,802)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	1,035,854	994,156	(41,698)
OTHER FINANCING SOURCES (USES)			
Transfer to Water Fund	(1,035,854)	(994,156)	41,698
 Total Other Financing Sources (Uses)	 (1,035,854)	 (994,156)	 41,698
NET CHANGE IN FUND BALANCE			
	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
 END OF YEAR	 \$ -	 \$ -	 \$ -

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

SUPPLEMENTAL 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, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 2,813,468	\$ 2,813,468	\$ 2,817,210	\$ 3,742
Specific ownership taxes	253,212	255,000	248,796	(6,204)
Net investment income	<u>3,000</u>	<u>16,000</u>	<u>33,424</u>	<u>17,424</u>
 Total Revenues	 <u>3,069,680</u>	 <u>3,084,468</u>	 <u>3,099,430</u>	 <u>14,962</u>
 EXPENDITURES				
Debt service:				
Principal	2,835,000	2,940,000	2,940,000	-
Interest	187,922	159,798	151,889	7,909
County treasurer's fees	42,202	42,202	42,219	(17)
Paying agent fees	7,500	7,500	-	7,500
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
 Total Expenditures	 <u>3,073,124</u>	 <u>3,150,000</u>	 <u>3,134,108</u>	 <u>15,892</u>
 NET CHANGE IN FUND BALANCE	 (3,444)	 (65,532)	 (34,678)	 30,854
 FUND BALANCE:				
BEGINNING OF YEAR	<u>411,537</u>	<u>80,617</u>	<u>80,617</u>	<u>-</u>
 END OF YEAR	 <u>\$ 408,093</u>	 <u>\$ 15,085</u>	 <u>\$ 45,939</u>	 <u>\$ 30,854</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, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Water sales	\$ 4,332,593	\$ 4,419,982	\$ 87,389
Tap fees	683,739	782,522	98,783
Reimbursements	75,000	191,613	116,613
Capital true-up payments	80,000	134,286	54,286
Interest income	<u>3,000</u>	<u>138,297</u>	<u>135,297</u>
Total Revenues	<u>5,174,332</u>	<u>5,666,700</u>	<u>492,368</u>
EXPENDITURES			
Accounting / Audit	34,398	36,392	(1,994)
District management	180,000	172,892	7,108
Water operations management	23,250	24,102	(852)
Utility billing	14,883	20,919	(6,036)
Engineering/consulting	75,000	85,362	(10,362)
Insurance	40,000	37,825	2,175
Legal	75,600	37,873	37,727
Miscellaneous / office expenses	29,768	13,498	16,270
Dues and permits	120,000	4,510	115,490
Meter set costs	18,000	74,084	(56,084)
Meter read costs	20,000	-	20,000
Chemicals	70,000	76,108	(6,108)
Operations	400,000	360,579	39,421
Operating costs WISE-Renewable Water	85,000	117,301	(32,301)
Renewable water WISE	1,600,000	1,350,487	249,513
Lab analysis	50,000	31,689	18,311
Tools and Supplies	5,000	-	5,000
Meter replacement	10,000	-	10,000
Repair and replacement	510,000	314,484	195,516
Utilities	750,000	779,139	(29,139)
Water rights	90,000	-	90,000
Well Maintenance	50,000	45,285	4,715
Reimbursement expense	60,000	112,241	(52,241)
ASR project management	20,000	73	19,927
Debt service - interest	841,956	645,568	196,388
Debt service - principal	445,000	575,000	(130,000)
Custodian fee - debt	800	-	800
Replacement reserve	1,200,000	-	1,200,000
Contingency	<u>3,414,162</u>	<u>-</u>	<u>3,414,162</u>
Total Expenditures	<u>10,232,817</u>	<u>4,915,411</u>	<u>5,317,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,058,485)	751,289	5,809,774
OTHER FINANCING SOURCES (USES)			
Sale of Ridgegate pipeline	-	3,935,585	3,935,585
Transfer from Special revenue fund	<u>1,035,854</u>	<u>994,156</u>	<u>(41,698)</u>
Total Other Financing Sources (Uses)	<u>1,035,854</u>	<u>4,929,741</u>	<u>3,893,887</u>
NET CHANGE IN FUND BALANCE	<u>(4,022,631)</u>	<u>5,681,030</u>	<u>9,703,661</u>
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>5,022,631</u>	<u>6,630,998</u>	<u>1,608,367</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,000,000</u>	<u>\$ 12,312,028</u>	<u>\$ 11,312,028</u>
Funds available computed as follows:			
Current assets		\$ 12,763,052	
Current liabilities		<u>(451,024)</u>	
		<u>\$ 12,312,028</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, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Sewer charges	\$ 2,881,500	\$ 2,614,398	\$ (267,102)
Tap fees	101,200	782,522	681,322
Capital true-up payments	95,000	77,150	(17,850)
Other Income	6,000	10,209	4,209
Interest income	<u>6,000</u>	<u>111,283</u>	<u>105,283</u>
Total Revenues	<u>3,089,700</u>	<u>3,595,562</u>	<u>505,862</u>
EXPENDITURES			
Accounting / Audit	34,397	36,392	(1,995)
District management	200,000	192,103	7,897
Sewer operations management	23,250	24,102	(852)
Utility billing	16,538	22,025	(5,487)
Engineering/consulting	75,000	104,246	(29,246)
Insurance	50,000	47,282	2,718
Legal	75,600	41,214	34,386
Miscellaneous / office expenses	33,075	26,319	6,756
Chemicals	170,000	158,593	11,407
Operations	400,000	327,195	72,805
Lab analysis	45,000	43,702	1,298
Maintenance	375,000	328,299	46,701
Line cleaning	100,000	82,789	17,211
Utilities	100,000	76,364	23,636
Sludge disposal	63,000	65,437	(2,437)
Debt service - interest	477,306	309,228	168,078
Debt service - principal	300,000	410,000	(110,000)
Custodian fee - debt	600	726	(126)
Replacement reserve	3,000,000	-	3,000,000
Contingency	<u>1,459,616</u>	<u>-</u>	<u>1,459,616</u>
Total Expenditures	<u>6,998,382</u>	<u>2,296,016</u>	<u>4,702,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,908,682)	1,299,546	5,208,228
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	<u>(808,276)</u>	<u>(390,820)</u>	<u>417,456</u>
Total Other Financing Sources (Uses)	<u>(808,276)</u>	<u>(390,820)</u>	<u>417,456</u>
NET CHANGE IN FUND BALANCE	(4,716,958)	908,726	5,625,684
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>6,524,405</u>	<u>6,409,891</u>	<u>(114,514)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,807,447</u>	<u>\$ 7,318,617</u>	<u>\$ 5,511,170</u>
Funds available computed as follows:			
Current assets		\$ 7,432,458	
Current liabilities		<u>(113,841)</u>	
		<u>\$ 7,318,617</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, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Net investment income	\$ 4,000	\$ 89,146	\$ 85,146
Total Revenues	<u>4,000</u>	<u>89,146</u>	<u>85,146</u>
EXPENDITURES			
Water capital costs	<u>6,612,115</u>	<u>1,666,540</u>	<u>4,945,575</u>
Total Expenditures	<u>6,612,115</u>	<u>1,666,540</u>	<u>4,945,575</u>
NET CHANGE IN FUND BALANCE	(6,608,115)	(1,577,394)	5,030,721
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>6,608,115</u>	<u>6,477,315</u>	<u>(130,800)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ 4,899,921</u>	<u>\$ 4,899,921</u>
Funds available computed as follows:			
Current assets		\$ 5,108,712	
Current liabilities		<u>(208,791)</u>	
		<u>\$ 4,899,921</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, 2022

Excess of revenues over expenditures	
Water Activities	\$ 751,289
Sewer Activities	1,299,546
Capital Activities	<u>(1,577,394)</u>
Excess of revenues over expenditures - All Activities	473,441
Add non-cash transfers in/from governmental funds	603,336
Add capital expenditures which are not an expense	1,666,540
Add debt service principal which is not an expense	985,000
Add amortization of bond premium which is an expense	61,872
Add gain on sale of assets	1,158,230
Deduct accrued interest which is an expense	(36,045)
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>(2,124,109)</u>
Changes in Net Position per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 2,779,885</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, 2022

\$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>
2023	\$ 3,030,000	\$ 116,312	\$ 3,146,312
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>\$ 9,380,000</u>	<u>\$ 235,104</u>	<u>\$ 9,615,104</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE REQUIREMENTS TO MATURITY - PROPRIETARY FUNDS

December 31, 2022

\$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

Year	Revenue Bonds			Revenue Bonds			Revenue Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 155,000	\$ 286,050	\$ 441,050	\$ 415,000	\$ 362,433	\$ 777,433	\$ 400,000	\$ 313,887	\$ 713,887	\$ 970,000	\$ 962,370	\$ 1,932,370
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>\$ 7,230,000</u>	<u>\$ 4,720,850</u>	<u>\$ 11,950,850</u>	<u>\$ 12,540,000</u>	<u>\$ 5,363,680</u>	<u>\$ 17,903,680</u>	<u>\$ 11,290,000</u>	<u>\$ 4,455,163</u>	<u>\$ 15,745,163</u>	<u>\$ 31,060,000</u>	<u>\$ 14,539,693</u>	<u>\$ 45,599,693</u>

STONEGATE VILLAGE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<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%
Estimated for year ending December 31, 2023	\$ 101,990,230	0.731	29.000	\$ 3,032,272		

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.