



SCHILLING & COMPANY, INC.

Certified Public Accountants

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Accountant's Compilation Report

Board of Directors
Tollgate Crossing Metropolitan District No. 2
Arapahoe County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances (budget) of Tollgate Crossing Metropolitan District No. 2 (District), for the year ending December 31, 2024, including the estimate of comparative information for the year ending December 31, 2023, and the actual comparative information for the year ending December 31, 2022, in the format required by Colorado Revised Statutes (C.R.S) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget included in the prescribed format nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The actual comparative information for the year ending December 31, 2022 is presented for comparative purposes as required by Colorado Revised Statutes 29-1-105. Such information is taken from the audited financial statements of the District for the year ended December 31, 2022. Dazzio & Associates, P.C. audited the financial statements for the year ended December 31, 2022, whose report was dated July 15, 2023.

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

We are not independent with respect to the Tollgate Crossing Metropolitan District No. 2.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
December 12, 2023

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

| | ACTUAL 2022 | ADOPTED BUDGET 2023 | ADOPTED BUDGET 2024 |
|--------------------------------|------------------------|------------------------------------|------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSESSED VALUATION | | | |
| Arapahoe County | \$ 55,009,537 | \$ 41,545,953 | \$ 51,917,594 |
| Certified Assessed Value | <u>\$ 55,009,537</u> | <u>\$ 41,545,953</u> | <u>\$ 51,917,594</u> |
| MILL LEVY | | | |
| General Fund (operations) | 40.000 | 40.000 | 32.000 |
| Debt Service | 12.000 | 12.000 | 12.500 |
| Refunds and abatements | 0.000 | 0.000 | 0.000 |
| Total mill levy | <u>52.000</u> | <u>52.000</u> | <u>44.500</u> |
| PROPERTY TAXES | | | |
| General | \$ 2,200,381 | \$ 1,661,838 | \$ 1,661,363 |
| Debt Service | 660,114 | 498,551 | 648,970 |
| Levied property taxes | <u>\$ 2,860,495</u> | <u>\$ 2,160,389</u> | <u>\$ 2,310,333</u> |
| BUDGETED PROPERTY TAXES | | | |
| General Fund | \$ 2,200,381 | \$ 1,661,838 | \$ 1,661,363 |
| Debt Service | 660,114 | 498,551 | 648,970 |
| | <u>\$ 2,860,495</u> | <u>\$ 2,160,389</u> | <u>\$ 2,310,333</u> |

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

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

| | ACTUAL 2022 | ESTIMATED 2023 | ADOPTED BUDGET 2024 |
|--|------------------------|---------------------------|------------------------------------|
| BEGINNING FUND BALANCE | \$ 1,626,623 | 2,520,391 | \$ 1,917,818 |
| REVENUE | | | |
| Property tax | 2,200,393 | 1,661,838 | 1,661,363 |
| Specific ownership tax | 138,920 | 111,039 | 99,682 |
| Penalties and fees | 1,406 | 101 | - |
| Clubhouse rental | 7,515 | 3,995 | 5,000 |
| Grants/reimbursements | 9,246 | 1,858 | - |
| Investment income | 35,280 | 77,573 | 80,000 |
| Net decrease in fair value of investments | (38,059) | 19,431 | - |
| HOA Newsletter Reimbursement | - | - | 2,100 |
| Miscellaneous/other | 943 | 757 | - |
| Total revenue | <u>2,355,644</u> | <u>1,876,592</u> | <u>1,848,145</u> |
| Total funds available | <u>3,982,267</u> | <u>4,396,983</u> | <u>3,765,963</u> |
| EXPENDITURES | | | |
| Administration: | | | |
| Accounting | 14,142 | 22,496 | 26,250 |
| Audit | 4,400 | 4,800 | 5,300 |
| Legal | 15,368 | 14,550 | 20,000 |
| Legal- collections | 675 | - | - |
| Election costs | 27,688 | - | - |
| Insurance | 31,027 | 40,511 | 48,000 |
| Bank fees | 1,336 | 950 | 2,000 |
| Miscellaneous | 375 | 194 | - |
| Landscaping contract | 254,293 | 252,800 | 280,000 |
| Structural prune trees | - | 45,000 | 50,000 |
| Landscape projects | 79,547 | 196,103 | 100,000 |
| Management fees | 57,168 | 60,594 | 60,000 |
| Management fees-special | - | - | 20,000 |
| Website Maintenance | - | 7,800 | 5,000 |
| Newsletter costs | 4,027 | 4,707 | 5,000 |
| Treasurer's fees | 33,020 | 24,936 | 24,920 |
| Operations: | | | |
| Utilities: | | | |
| Water | 153,833 | 156,440 | 242,482 |
| Electric & gas | 26,671 | 26,522 | 38,000 |
| Telephone and internet | 4,457 | 4,548 | 5,500 |
| Clubhouse and park maintenance | 24,228 | 18,278 | 50,000 |
| Pool services | 84,943 | 100,000 | 110,000 |
| Pool repair and maintenance | 18,136 | 35,186 | 38,500 |
| Holiday lighting | 15,564 | 25,000 | 25,000 |
| Utility Notification | 330 | 233 | 1,800 |
| Capital Outlay: | | | |
| Mitigation grants | 1,000 | 35,000 | 35,000 |
| Security System | - | 53,750 | 40,000 |
| Mailbox replacements | - | 120,000 | 150,000 |
| Pool improvements | 33,860 | 32,836 | 75,000 |
| Security patrols | 48,570 | 61,443 | 80,000 |
| Lighting projects | 23,198 | 21,513 | 40,000 |
| Clubhouse improvements | 26,910 | 592,975 | 600,000 |
| Fence repairs | 29,745 | 40,000 | 40,000 |
| Landscaping - Newbridge area | 71,773 | - | - |
| ET controllers | 225,592 | - | - |
| Park improvements | - | 380,000 | 66,000 |
| Total expenditures | <u>1,311,876</u> | <u>2,379,165</u> | <u>2,283,752</u> |
| Transfer to Capital Replacement Fund | <u>150,000</u> | <u>100,000</u> | <u>100,000</u> |
| Total transfers | <u>150,000</u> | <u>100,000</u> | <u>100,000</u> |
| Total transfers out and expenditures requiring appropriation | <u>1,461,876</u> | <u>2,479,165</u> | <u>2,383,752</u> |
| ENDING FUND BALANCE | <u>\$ 2,520,391</u> | <u>\$ 1,917,818</u> | <u>\$ 1,382,211</u> |
| ENDING FUND BALANCE SUMMARY: | | | |
| EMERGENCY RESERVE | 71,000 | 56,298 | 55,381 |
| MITIGATION GRANTS | 35,753 | - | 36,753 |
| UNRESTRICTED | 2,413,638 | 1,861,520 | 1,290,077 |
| TOTAL ENDING FUND BALANCE | <u>\$ 2,520,391</u> | <u>\$ 1,917,818</u> | <u>\$ 1,382,211</u> |

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

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

| | <u>ACTUAL 2022</u> | <u>ESTIMATED 2023</u> | <u>ADOPTED BUDGET 2024</u> |
|--|------------------------|---------------------------|------------------------------------|
| BEGINNING FUND BALANCE | \$ 1,346,768 | \$ 1,107,420 | \$ 712,312 |
| REVENUE | | | |
| Property tax | 660,126 | 498,551 | 648,970 |
| Specific ownership taxes | 41,676 | 33,306 | 38,938 |
| Interest income | 14,450 | 40,529 | 45,000 |
| Total revenue | <u>716,252</u> | <u>572,386</u> | <u>732,908</u> |
| Total funds available | <u>2,063,020</u> | <u>1,679,806</u> | <u>1,445,220</u> |
| EXPENDITURES | | | |
| Note principal - 2012A | 680,000 | 710,000 | 745,000 |
| Note interest - 2012A | 265,445 | 247,016 | 227,775 |
| Paying agent fees | 250 | 3,000 | 3,500 |
| Treasurer's fees | 9,905 | 7,478 | 9,735 |
| Total expenditures requiring appropriation | <u>955,600</u> | <u>967,494</u> | <u>986,010</u> |
| ENDING FUND BALANCE | <u>\$ 1,107,420</u> | <u>\$ 712,312</u> | <u>\$ 459,210</u> |
| REQUIRED RESERVE | <u>\$ 250,000</u> | <u>\$ 250,000</u> | <u>\$ 250,000</u> |

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**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
CAPITAL REPLACEMENT FUND
2024 BUDGET AS ADOPTED
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

| | <u>ACTUAL 2022</u> | <u>ESTIMATED 2023</u> | <u>ADOPTED BUDGET 2024</u> |
|---|------------------------|---------------------------|------------------------------------|
| BEGINNING FUND BALANCE | \$ 635,010 | \$ 791,103 | \$ 915,334 |
| REVENUE | | | |
| Net investment income | 6,093 | 24,231 | 45,767 |
| Transfer from General Fund | 150,000 | 100,000 | 100,000 |
| Total revenue | <u>156,093</u> | <u>124,231</u> | <u>145,767</u> |
| Total funds available | <u>791,103</u> | <u>915,334</u> | <u>1,061,101</u> |
| EXPENDITURES | | | |
| Capital improvements | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>-</u> | <u>-</u> |
| ENDING FUND BALANCE | <u>\$ 791,103</u> | <u>\$ 915,334</u> | <u>\$ 1,061,101</u> |

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

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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

SERVICES PROVIDED

Tollgate Crossing Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized in 2001 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to manage the financing, construction, operation and maintenance of the facilities located within the District.

The District has no employees and all operations and administrative functions are contracted.

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

REVENUE

Property Tax

A significant source of revenue is property taxes. Property taxes are based on the mill levy adopted applied to the annual assessed valuation. The calculation of the taxes levied is displayed on page 2.

On May 8, 2018, the District's electors approved an increase in taxes of \$655,000 annually or by such lesser annual amount as may be necessary to pay the District's administration, operations, maintenance, capital replacement and other similar expenses; such taxes to consist of a general fund ad valorem property tax levy imposed with such limitations as exist in the District's service plan, as it currently exists or may be amended, or other applicable law. The maximum total mill levy that can be levied by the District is 57.556 unless the method in calculating the assessed valuation changes on or after January 1, 2019. The method in calculating the assessed valuation changed to allow the District to levy 61.764 mills however, the Board of Directors has elected not to levy the maximum allowed in the 2024 Budget.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be consistent with amounts collected during 2024 by the General Fund and Debt Service Fund in total.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5.00%.

EXPENDITURES

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, landscape maintenance, utilities and other administrative expenses.

Debt Service

The debt service payments for the District are budgeted based upon the debt amortization schedules for the 2012 Tax-Free Notes Series A. The 2012A Notes bear interest of 2.71%. The District's debt amortization schedule is on page 8. The District has no outstanding operating or capital leases.

Capital Outlay

The District has appropriated significant funds in the 2024 Budget for capital improvements in General Fund as well in the Capital Replacement Fund.

FUND BALANCE RESTRICTIONS/ASSIGNMENTS

The District has provided for an emergency reserve fund of at least 3% of fiscal year spending for 2024, as defined under TABOR. Such emergency reserve is an integral part of ending fund balance in the General Fund.

The District has provided for a debt service reserve fund in the amount of \$250,000 as required by the 2012 Tax-Free Notes Series A in the Debt Service Fund.

The ending fund balance in the Capital Replacement Fund is assigned for capital repairs/projects as determined annually by the District.

This information is an integral part of the accompanying budget.

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

| \$10,000,000 | | | |
|--|---------------------|---------------------|---------------------|
| General Obligation Refunding Notes, Series 2012A | | | |
| Interest Rate of 2.71% effective November 30, 2020; | | | |
| Principal Due on December 1 | | | |
| Interest Due on June 1 and December 1 | | | |
| Year Ending December 31, | Principal | Interest | Total |
| 2024 | \$ 745,000 | \$ 227,775 | \$ 972,775 |
| 2025 | 780,000 | 207,586 | 987,586 |
| 2026 | 820,000 | 186,448 | 1,006,448 |
| 2027 | 860,000 | 164,226 | 1,024,226 |
| 2028 | 900,000 | 140,920 | 1,040,920 |
| 2029 | 940,000 | 116,530 | 1,056,530 |
| 2030 | 990,000 | 91,056 | 1,081,056 |
| 2031 | 1,035,000 | 64,227 | 1,099,227 |
| 2032 | 1,335,000 | 36,179 | 1,371,179 |
| | <u>\$ 8,405,000</u> | <u>\$ 1,234,947</u> | <u>\$ 9,639,947</u> |

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