

Resolution No. 2022-11-02

**RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2023**

The Board of Directors of Tollgate Crossing Metropolitan District No. 2 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a special meeting, via teleconference and at Tollgate Crossing Community Center, 24625 E. Bellewood Drive, Aurora, Colorado on November 15, 2022, at the hour of 6:30 p.m.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2023 BUDGET

CORRECTED
NOTICE OF PUBLIC HEARING ON THE AMENDED 2022 BUDGET
AND
NOTICE OF PUBLIC HEARING ON THE PROPOSED 2023 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the “**Board**”) of the TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2 (the “**District**”), will hold a meeting at 24625 E. Bellewood Avenue, Aurora, CO 80016 on November 15, 2022 at 6:30 p.m., for the purpose of conducting such business as may come before the Board including a public hearing on the 2023 proposed budget (the “**Proposed Budget**”). The necessity may also arise for an amendment to the 2022 budget (the “**Amended Budget**”). This meeting will also be broadcast using the following teleconference information:

<https://us02web.zoom.us/j/81958767924?pwd=SHJSMlhkUFVFbmxhQjU3alZlMlZlZz09>

Meeting ID: 819 5876 7924; Passcode: 648691; Call In #: 719-359-4580

NOTICE IS FURTHER GIVEN that the Proposed Budget and Amended Budget (if applicable) have been submitted to the District. A copy of the Proposed Budget and Amended Budget are on file in the office of Cherry Creek HOA Professionals, 14901 E. Hampton Avenue #320, Aurora, Colorado, where the same are open for public inspection.

Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to final adoption of the Proposed Budget or the Amended Budget by the Board. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARD OF DIRECTORS:
**TOLLGATE CROSSING METROPOLITAN
DISTRICT NO. 2**, a quasi-municipal corporation and
political subdivision of the State of Colorado

/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 40.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 12.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 00.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2022 budget year, there is hereby levied a tax of 00.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Arapahoe County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED THIS NOVEMBER 15, 2022.

DISTRICT:

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

By: Richard H. Martinez
Officer of the District

Attest:

By: Ben N. Martin

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

[Signature]
General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference and at Tollgate Crossing Community Center, 24625 E. Bellewood Drive, Aurora, Colorado on November 15, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of November, 2022.

Ben N. Martin

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

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, 2023, including the estimate of comparative information for the year ending December 31, 2022, and the actual comparative information for the year ending December 31, 2021, 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, 2021 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, 2021. Dazzio & Associates, P.C. audited the financial statements for the year ended December 31, 2021, whose report was dated July 15, 2022.

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, CO
December 8, 2022

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET AS ADOPTED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ADOPTED BUDGET 2022	ADOPTED BUDGET 2023
ASSESSED VALUATION			
Arapahoe County	\$ 52,378,827	\$ 55,009,537	\$ 41,545,953
Certified Assessed Value	\$ 52,378,827	\$ 55,009,537	\$ 41,545,953
MILL LEVY			
General Fund (operations)	30.000	40.000	40.000
Debt Service	27.556	12.000	12.000
Refunds and abatements	0.000	0.000	0.000
Total mill levy	57.556	52.000	52.000
PROPERTY TAXES			
General	\$ 1,571,365	\$ 2,200,382	\$ 1,661,838
Debt Service	1,443,351	660,114	498,551
Levied property taxes	\$ 3,014,716	\$ 2,860,496	\$ 2,160,389
BUDGETED PROPERTY TAXES			
General Fund	\$ 1,571,365	\$ 2,200,382	\$ 1,661,838
Debt Service	1,443,351	660,114	498,551
	\$ 3,014,716	\$ 2,860,496	\$ 2,160,389

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
2023 BUDGET AS ADOPTED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL	ESTIMATED	ADOPTED
	2021	2022	BUDGET
	2021	2022	2023
BEGINNING FUND BALANCE	<u>\$ 1,169,272</u>	<u>1,626,623</u>	<u>\$ 1,575,350</u>
REVENUE			
Property tax	1,571,350	2,194,266	1,661,838
Specific ownership tax	108,300	139,034	99,710
Delinquent accounts collected	7,461	(91)	-
Penalties and fees	8,394	1,390	-
Clubhouse rental	5,640	8,123	5,000
Grants/reimbursements	398	7,976	-
Investment income	1,310	19,019	55,000
Net decrease in fair value of investments	-	(27,761)	-
HOA Newsletter Reimbursement	3,680	1,269	2,100
Miscellaneous/other	50,000	433	-
Total revenue	<u>1,756,533</u>	<u>2,343,658</u>	<u>1,823,648</u>
Total funds available	<u>2,925,805</u>	<u>3,970,281</u>	<u>3,398,998</u>
EXPENDITURES			
Accounting	12,821	15,087	25,000
Audit	4,400	4,400	5,000
Legal	6,001	16,880	20,000
Legal- collections	7,643	975	-
Election costs	-	27,688	35,000
Insurance	33,713	31,027	45,000
Bank fees	1,377	1,344	2,000
Miscellaneous	-	563	-
Landscaping contract	252,800	370,440	400,000
Structural prune trees	-	108,000	50,000
Landscape projects	381,157	200,000	100,000
Management fees	57,136	57,024	60,000
Management fees-special	-	20,000	20,000
Newsletter costs	4,617	4,367	5,000
Utilities:			
Water	190,110	187,284	242,482
Electric & gas	22,347	35,118	38,000
Telephone and internet	3,337	4,457	5,000
Clubhouse and park maintenance	44,819	16,869	50,000
Pool services	84,360	90,558	100,000
Pool repair and maintenance	18,058	35,000	35,000
Holiday lighting	12,650	25,000	25,000
Utility Notification	441	306	1,800
Treasurer's fees	23,579	32,922	24,928
Mitigation grants	2,247	1,500	35,000
Security System	20,000	14,700	18,375
Mailbox replacements	-	-	200,000
Manager's office remodel	15,569	-	-
Pool improvements	-	150,000	-
Security patrols	-	103,120	150,000
Prairie dog fencing	-	-	-
Clubhouse improvements	-	100,000	500,000
Fence repairs	-	14,710	40,000
Landscaping - Newbridge area	-	150,000	-
ET controllers	-	225,592	-
Park improvements	-	200,000	-
Total expenditures	<u>1,199,182</u>	<u>2,244,931</u>	<u>2,232,585</u>
Transfer to Capital Replacement Fund	100,000	150,000	100,000
Total transfers	<u>100,000</u>	<u>150,000</u>	<u>100,000</u>
Total transfers out and expenditures requiring appropriation	<u>1,299,182</u>	<u>2,394,931</u>	<u>2,332,585</u>
ENDING FUND BALANCE	<u>\$ 1,626,623</u>	<u>\$ 1,575,350</u>	<u>\$ 1,066,413</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
2023 BUDGET AS ADOPTED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,194,828	\$ 1,346,768	\$ 1,098,776
REVENUE			
Property tax	1,443,339	658,280	498,551
Specific ownership taxes	99,475	41,711	29,913
Interest income	1,328	10,338	36,000
Total revenue	<u>1,544,142</u>	<u>710,329</u>	<u>564,464</u>
Total funds available	<u>2,738,970</u>	<u>2,057,097</u>	<u>1,663,240</u>
EXPENDITURES			
Note principal - 2012A	645,000	680,000	710,000
Note interest - 2012A	282,924	265,444	247,016
Note principal - 2017	432,000	-	-
Note interest - 2017	9,720	-	-
Paying agent fees	900	3,000	3,000
Treasurer's fees	21,658	9,877	7,478
Total expenditures requiring appropriation	<u>1,392,202</u>	<u>958,321</u>	<u>967,494</u>
ENDING FUND BALANCE	<u>\$ 1,346,768</u>	<u>\$ 1,098,776</u>	<u>\$ 695,746</u>
REQUIRED RESERVE	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</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
CAPITAL REPLACEMENT FUND
2023 BUDGET AS ADOPTED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED BUDGET 2023
BEGINNING FUND BALANCE	\$ 534,735	\$ 635,010	\$ 792,591
REVENUE			
Net investment income	275	7,581	23,778
Transfer from General Fund	100,000	150,000	100,000
Total revenue	<u>100,275</u>	<u>157,581</u>	<u>123,778</u>
Total funds available	<u>635,010</u>	<u>792,591</u>	<u>916,369</u>
EXPENDITURES			
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u><u>\$ 635,010</u></u>	<u><u>\$ 792,591</u></u>	<u><u>\$ 916,369</u></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
2023 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 2023 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 at the adopted mill levy of 52.000.

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 residential assessed valuation changes on or after January 1, 2019. The method in calculating the residential assessed valuation changed during 2019 and 2022 which would allow the District to levy a total of 57.576 mills however, the Board of Directors has elected not to adjust the mill levy for the changes in the 2023 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 2023 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 3.00%.

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 2.8% through December 1, 2021 and 3.5% plus 7-year LIBOR x 65% through the final maturity date of December 1, 2032 which has been calculated as 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 any significant funds in the 2023 Budget for capital improvements in General Fund.

FUND BALANCE RESTRICTIONS/ASSIGNMENTS

The District has provided for an emergency reserve fund of at least 3% of fiscal year spending for 2023, 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**

Year Ending December 31,	Interest Due on June 1 and December 1		
	Principal	Interest	Total
2023	\$ 710,000	\$ 247,016	\$ 957,016
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>\$ 9,115,000</u>	<u>\$ 1,481,963</u>	<u>\$ 10,596,963</u>

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