



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
Village at SouthGate Metropolitan District
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Village at SouthGate Metropolitan District (District), for the year ending December 31, 2021, including the estimate of comparative information for the year ending December 31, 2020, and the actual comparative information for the year ending December 31, 2019, 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 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, 2019 is presented for comparative purposes as required by Colorado Revised Statutes (C.R.S.) 29-1-105. Such information is taken from the audited financial statements of the District for the year ended December 31, 2019. Dazzio & Associates, PC audited the financial statements for the year ended December 31, 2019, whose report was dated June 29, 2020.

The budget is presented in accordance with the requirements of Colorado Revised Statutes (C.R.S.) 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 Village at SouthGate Metropolitan District.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
December 11, 2020

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

	<u>ACTUAL</u> <u>2019</u>	<u>ADOPTED</u> <u>BUDGET</u> <u>2020</u>	<u>ADOPTED</u> <u>BUDGET</u> <u>2021</u>
ASSESSED VALUATION			
Adams County			
Certified Assessed Value	<u>\$ 2,138,960</u>	<u>\$ 4,002,850</u>	<u>\$ 4,270,860</u>
MILL LEVY			
General - Operations Mill Levy	11.056	11.133	11.133
Debt Service - Senior Bonds Mill Levy	<u>40.000</u>	<u>44.531</u>	<u>44.531</u>
Total mill levy	<u>51.056</u>	<u>55.664</u>	<u>55.664</u>
PROPERTY TAXES			
General Fund	\$ 23,648	\$ 44,564	\$ 47,547
Debt Service - Senior Bonds Mill Levy	<u>85,558</u>	<u>178,251</u>	<u>190,186</u>
Levied property taxes	109,206	222,815	237,733
Adjustments to actual/rounding	(5)	-	-
Actual/budgeted property taxes	<u>\$ 109,201</u>	<u>\$ 222,815</u>	<u>\$ 237,733</u>
PROPERTY TAXES BY FUND			
General Fund	\$ 23,647	\$ 44,564	\$ 47,547
Debt Service	<u>85,554</u>	<u>178,251</u>	<u>190,186</u>
	<u>\$ 109,201</u>	<u>\$ 222,815</u>	<u>\$ 237,733</u>
MILL LEVY GALLAGHERIZATION			
General Operations Mill Levy Levied in Prior Year	11.056	11.056	11.133
Multiply by R.A.R. Prior to Change	7.20	7.20	7.15
Divide by New R.A.R. as Changed	<u>7.20</u>	<u>7.15</u>	<u>7.15</u>
Allowed Gallagherized Mill Levy in Current Year	<u>11.056</u>	<u>11.133</u>	<u>11.133</u>
Debt Service Mill Levy Levied in Prior Year	44.222	44.222	44.531
Multiply by R.A.R. Prior to Change	7.20	7.20	7.15
Divide by New R.A.R. as Changed	<u>7.20</u>	<u>7.15</u>	<u>7.15</u>
Allowed Gallagherized Mill Levy in Current Year	<u>44.222</u>	<u>44.531</u>	<u>44.531</u>

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

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET AS ADOPTED
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2019</u>	<u>ESTIMATED 2020</u>	<u>ADOPTED BUDGET 2021</u>
BEGINNING FUND BALANCE	\$ 2,984	\$ 5,066	\$ 11,117
REVENUE			
Property tax	23,647	44,564	47,547
Specific ownership tax	1,765	3,185	3,398
Net investment income	403	12	-
Total revenue	<u>25,815</u>	<u>47,761</u>	<u>50,945</u>
OTHER FINANCING SOURCES			
Developer Advance	38,748	9,478	120,221
Total other financing sources	<u>38,748</u>	<u>9,478</u>	<u>120,221</u>
Total funds available	<u>67,547</u>	<u>62,305</u>	<u>182,283</u>
EXPENDITURES			
General Government			
Legal	14,573	15,461	20,000
Accounting	9,177	8,828	9,000
Audit	4,700	4,700	4,700
Management services	7,411	13,496	14,000
Engineering/consulting	22,955	3,465	-
Landscape maintenance	-	-	30,921
Snow removal	-	-	15,000
Insurance	2,508	2,510	2,600
Office supplies	278	-	-
Postage	94	108	120
Election	-	1,508	-
Bank service charges	120	120	120
Dues and subscriptions	304	323	400
Utilities:			
Water	-	-	75,000
Electrical - Silo	-	-	2,000
Electrical - Barn	-	-	2,000
Treasurer's fees	361	669	713
Contingency	-	-	4,177
Total expenditures	<u>62,481</u>	<u>51,188</u>	<u>180,751</u>
Total expenditures and transfers out requiring appropriation	<u>62,481</u>	<u>51,188</u>	<u>180,751</u>
ENDING FUND BALANCE	<u>\$ 5,066</u>	<u>\$ 11,117</u>	<u>\$ 1,532</u>
EMERGENCY RESERVE	<u>\$ 774</u>	<u>\$ 1,433</u>	<u>\$ 1,529</u>

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

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET AS ADOPTED
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2019</u>	<u>ESTIMATED 2020</u>	<u>ADOPTED BUDGET 2021</u>
BEGINNING FUND BALANCE	\$ 695,238	\$ 662,640	\$ 835,052
REVENUE			
Property tax	85,554	178,251	190,186
Specific ownership tax	6,385	12,737	13,593
Facility Fees	100,500	247,000	54,000
Interest income	17,406	7,202	7,000
Total revenue	<u>209,845</u>	<u>445,190</u>	<u>264,779</u>
Total funds available	<u>905,083</u>	<u>1,107,830</u>	<u>1,099,831</u>
EXPENDITURES			
Bank service charges	1,700	666	800
Treasurer's fees	1,305	2,674	2,853
Interest 2018A Senior Bonds	233,438	233,438	233,438
Interest 2018B Subordinate Bonds	-	30,000	25,000
Paying agent fees	6,000	6,000	6,000
Contingency	-	-	4,728
Total expenditures	<u>242,443</u>	<u>272,778</u>	<u>272,819</u>
Total expenditures and transfers out requiring appropriation	<u>242,443</u>	<u>272,778</u>	<u>272,819</u>
ENDING FUND BALANCE	<u>\$ 662,640</u>	<u>\$ 835,052</u>	<u>\$ 827,012</u>
REQUIRED RESERVE	<u>\$ 343,906</u>	<u>\$ 343,906</u>	<u>\$ 343,906</u>

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

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2021 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 2021 annual budget. Actual results may differ from the prospective results contained in the budget.

SERVICES PROVIDED

The Village at SouthGate Metropolitan District (the "District"), was organized in Adams County to provide financing to construct and install local and regional public improvements for the Village at SouthGate Development, including potable water and sewer lines larger than 12" in diameter; storm drainage facilities; the full width of major and minor arterial and collector roadways; community parks; and recreational facilities and services.

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

REVENUE

Property Tax

Property taxes are forecasted based on the mill levy adopted applied to the annual assessed valuation. The calculation of the taxes levied is displayed on page 2 of the budget at the adopted total mill levy of 55.664 as adjusted for the changes in the residential assessment rate as a result of the Gallagher Amendment to the Colorado Constitution. The 55.664 mills is comprised of the Required Mill Levy for the Limited Tax General Obligation Bonds Series 2018A in the Debt Service Fund of 44.531 mills and the Operations Mill Levy of 11.133 in the General Fund.

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 equal to approximately 7.2% of the property taxes collected.

Facility Fees

Facility fees have been set the District of \$2,500 for each residential single-family detached unit and \$1,500 for each residential multi-family unit located within the District. The facility fees are due and payable prior to the issuance of a building permit by the City of Brighton for the applicable units. The 2021 facility fee revenue has been calculated based on the anticipated building permits to be issued in 2021.

Investment Income

Interest earned on the District's available funds has been estimated based on interest earnings from the prior year.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

EXPENDITURES

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Utilities Expenditures

Beginning in 2021 the District will be responsible for the water service charges related to certain open space parcels. Additionally, the District will be responsible for electrical services for a barn and silo. The 2021 expenses for water and electricity are based on 2020 costs as provided to the District by the respective vendors.

DEBT AND LEASES

During 2018, the District issued \$4,150,000 of Limited Tax General Obligation Bonds Series 2018A which bear interest at 5.625% and \$764,000 of Subordinate Limited Tax General Obligation Bonds Series 2018B which bear interest at 7.750%. Mandatory sinking fund redemptions begin on the 2018A bonds in 2023 while the 2018B bonds have no required debt service payments until 2048. The Schedule of Debt Service Requirements included on page 7 is based on the Financial Forecast (prepared in conjunction with the bond issuance), based on the assumptions more particularly set forth therein.

The District has no operating or capital leases.

RESERVES

The District has provided for an emergency reserve fund of at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS**

Year ended December 31,	\$4,150,000		\$764,000		Annual Total
	Limited Tax General Obligation Bonds Series 2018A		Subordinate Limited Tax General Obligation Bonds Series 2018B		
	Bearing Interest at 5.625%		Bearing Interest at 7.750%		
	Principal (1)	Interest (2)	Principal (3)	Interest (3)	
2018	\$ -	\$ 130,335.94	\$ -	\$ -	\$ 130,335.94
2019	-	233,437.50	-	-	233,437.50
2020	-	233,437.50	-	-	233,437.50
2021	-	233,437.50	-	118,092.00	351,529.50
2022	-	233,437.50	-	88,062.00	321,499.50
2023	35,000.00	233,437.50	-	82,150.00	350,587.50
2024	45,000.00	231,468.76	-	88,410.00	364,878.76
2025	50,000.00	228,937.50	-	85,941.00	364,878.50
2026	55,000.00	226,125.00	-	91,076.00	372,201.00
2027	60,000.00	223,031.26	20,000.00	68,990.00	372,021.26
2028	70,000.00	219,656.26	32,000.00	57,660.00	379,316.26
2029	75,000.00	215,718.76	34,000.00	55,180.00	379,898.76
2030	85,000.00	211,500.00	38,000.00	52,545.00	387,045.00
2031	90,000.00	206,718.76	41,000.00	49,600.00	387,318.76
2032	100,000.00	201,656.26	47,000.00	46,423.00	395,079.26
2033	105,000.00	196,031.26	51,000.00	42,780.00	394,811.26
2034	115,000.00	190,125.00	59,000.00	38,828.00	402,953.00
2035	125,000.00	183,656.26	60,000.00	34,255.00	402,911.26
2036	135,000.00	176,625.00	70,000.00	29,605.00	411,230.00
2037	145,000.00	169,031.26	73,000.00	24,180.00	411,211.26
2038	160,000.00	160,875.00	80,000.00	18,523.00	419,398.00
2039	165,000.00	151,875.00	90,000.00	12,323.00	419,198.00
2040	185,000.00	142,593.76	69,000.00	5,348.00	401,941.76
2041	195,000.00	132,187.50	-	-	327,187.50
2042	210,000.00	121,218.76	-	-	331,218.76
2043	225,000.00	109,406.26	-	-	334,406.26
2044	240,000.00	96,750.00	-	-	336,750.00
2045	255,000.00	83,250.00	-	-	338,250.00
2046	275,000.00	68,906.26	-	-	343,906.26
2047	290,000.00	53,437.50	-	-	343,437.50
2048	660,000.00	37,125.00	-	-	697,125.00
	<u>\$ 4,150,000.00</u>	<u>\$ 5,335,429.82</u>	<u>\$ 764,000.00</u>	<u>\$ 1,089,971.00</u>	<u>\$ 11,339,400.82</u>

(1) - Assumes that mandatory sinking fund redemption payments are made but assumes no optional redemptions occur.

(2) - The interest payments due on December 1, 2018 through December 1, 2019, are expected to be paid with capitalized interest.

(3) - Includes the forecasted payment of principal and interest on December 15 of each year indicated. The 2018B Subordinate Bonds have no fixed principal payment amounts due prior to maturity. The payments with respect to the 2018B Subordinate Bonds shown above reflect the forecasted principal and interest payments shown on Exhibit III of the Financial Forecast as included as Appendix C to the Limited Offering Memorandum dated May 3, 2018 related to the issuance of these bonds. These payments, however, are only forecasted amounts as and no assurance is given that the principal and interest on the 2018B Subordinate Bonds will be paid as set forth in this table. In addition to the other assumptions reflected in this table and the financial forecast, this assumes that no optional redemptions of the 2018B Subordinate Bonds will be made prior to maturity.

This information is an integral part of the accompanying budget.