



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, 2022, including the estimate of comparative information for the year ending December 31, 2021, and the actual comparative information for the year ending December 31, 2020, 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, 2020 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, 2020. Dazzio & Associates, PC audited the financial statements for the year ended December 31, 2020, whose report was dated May 6, 2021.

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 8, 2021

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

	<u>ACTUAL</u> 2020	<u>ADOPTED</u> BUDGET 2021	<u>ADOPTED</u> BUDGET 2022
ASSESSED VALUATION			
Adams County			
Certified Assessed Value	<u>\$ 4,002,850</u>	<u>\$ 4,270,860</u>	<u>\$ 7,873,950</u>
MILL LEVY			
General - Operations Mill Levy	11.133	11.133	11.133
Debt Service - Senior Bonds Mill Levy	<u>44.531</u>	<u>44.531</u>	<u>44.531</u>
Total mill levy	<u>55.664</u>	<u>55.664</u>	<u>55.664</u>
PROPERTY TAXES			
General Fund	\$ 44,564	\$ 47,547	\$ 87,661
Debt Service - Senior Bonds Mill Levy	<u>178,251</u>	<u>190,186</u>	<u>350,635</u>
Levied property taxes	222,815	237,733	438,296
Adjustments to actual/rounding	5	-	-
Actual/budgeted property taxes	<u>\$ 222,820</u>	<u>\$ 237,733</u>	<u>\$ 438,296</u>
PROPERTY TAXES BY FUND			
General Fund	\$ 44,565	\$ 47,547	\$ 87,661
Debt Service	<u>178,255</u>	<u>190,186</u>	<u>350,635</u>
	<u>\$ 222,820</u>	<u>\$ 237,733</u>	<u>\$ 438,296</u>
MILL LEVY GALLAGHERIZATION			
General Operations Mill Levy Levied in Prior Year	11.056	11.133	11.133
Multiply by R.A.R. Prior to Change	7.20	7.15	7.15
Divide by New R.A.R. as Changed	<u>7.15</u>	<u>7.15</u>	<u>7.15</u>
Allowed Gallagherized Mill Levy in Current Year	<u>11.133</u>	<u>11.133</u>	<u>11.133</u>
Debt Service Mill Levy Levied in Prior Year	44.222	44.531	44.531
Multiply by R.A.R. Prior to Change	7.20	7.15	7.15
Divide by New R.A.R. as Changed	<u>7.15</u>	<u>7.15</u>	<u>7.15</u>
Allowed Gallagherized Mill Levy in Current Year	<u>44.531</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
2022 BUDGET AS ADOPTED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2020</u>	<u>ESTIMATED 2021</u>	<u>ADOPTED BUDGET 2022</u>
BEGINNING FUND BALANCE	\$ 5,066	\$ (775)	\$ 1,539
REVENUE			
Property tax	44,565	47,547	87,661
Specific ownership tax	3,270	3,680	6,785
Net investment income	8	71	-
Total revenue	<u>47,843</u>	<u>51,298</u>	<u>94,446</u>
OTHER FINANCING SOURCES			
Developer Advance	4,665	18,754	-
Total other financing sources	<u>4,665</u>	<u>18,754</u>	<u>-</u>
Total funds available	<u>57,574</u>	<u>69,277</u>	<u>95,985</u>
EXPENDITURES			
General Government			
Legal	21,971	29,768	30,000
Accounting	8,157	7,148	7,500
Audit	4,700	4,700	4,700
Management services	13,870	16,005	14,000
Engineering/consulting	3,465	6,152	5,000
Insurance	2,760	2,515	2,800
Office supplies	115	28	100
Postage	-	107	-
Election	1,508	-	5,000
Bank service charges	120	165	200
Dues and subscriptions	323	436	500
Utilities:			
Electrical - Silo	538	-	-
Electrical - Barn	153	-	-
Treasurer's fees	669	714	1,315
Contingency	-	-	10,000
Total expenditures	<u>58,349</u>	<u>67,738</u>	<u>81,115</u>
Total expenditures requiring appropriation	<u>58,349</u>	<u>67,738</u>	<u>81,115</u>
ENDING FUND BALANCE	<u>\$ (775)</u>	<u>\$ 1,539</u>	<u>\$ 14,870</u>
EMERGENCY RESERVE	<u>\$ 1,435</u>	<u>\$ 1,539</u>	<u>\$ 2,834</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
OPERATIONS AND MAINTENANCE FEE - SPECIAL REVENUE FUND
2022 BUDGET AS ADOPTED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2020</u>	<u>ESTIMATED 2021</u>	<u>ADOPTED BUDGET 2022</u>
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Operations and maintenance fees	-	80,160	180,000
Silo and barn rental fees	-	200	1,000
Operations contribution	-	5,500	-
Total revenue	<u>-</u>	<u>85,860</u>	<u>181,000</u>
OTHER FINANCING SOURCES			
Developer advances	-	25,799	-
Total other financing sources	<u>-</u>	<u>25,799</u>	<u>-</u>
Total funds available	<u>-</u>	<u>111,659</u>	<u>181,000</u>
EXPENDITURES			
General Government			
Legal	-	2,872	1,500
Accounting	-	1,302	2,000
Management services	-	27,578	15,000
Landscape maintenance	-	23,191	32,500
Snow removal	-	15,000	15,000
Utilities:			
Water	-	40,523	55,000
Electrical - Silo	-	932	1,100
Electrical - Barn	-	261	350
Contingency	-	-	10,000
Total expenditures	<u>-</u>	<u>111,659</u>	<u>132,450</u>
Total expenditures requiring appropriation	<u>-</u>	<u>111,659</u>	<u>132,450</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,550</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
2022 BUDGET AS ADOPTED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2020</u>	<u>ESTIMATED 2021</u>	<u>ADOPTED BUDGET 2022</u>
BEGINNING FUND BALANCE	\$ 662,640	\$ 770,222	\$ 753,476
REVENUE			
Property tax	178,255	190,186	350,635
Specific ownership tax	13,082	14,715	27,138
Facility Fees	254,000	120,000	-
Interest income	5,308	764	800
Total revenue	<u>450,645</u>	<u>325,665</u>	<u>378,573</u>
Total funds available	<u>1,113,285</u>	<u>1,095,887</u>	<u>1,132,049</u>
EXPENDITURES			
Bank service charges	521	117	800
Treasurer's fees	2,674	2,856	5,260
Interest 2018A Senior Bonds	233,438	233,438	233,438
Interest 2018B Subordinate Bonds	100,430	100,000	105,000
Paying agent fees	6,000	6,000	6,000
Contingency	-	-	5,000
Total expenditures	<u>343,063</u>	<u>342,411</u>	<u>355,498</u>
Total expenditures requiring appropriation	<u>343,063</u>	<u>342,411</u>	<u>355,498</u>
ENDING FUND BALANCE	<u>\$ 770,222</u>	<u>\$ 753,476</u>	<u>\$ 776,551</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
2022 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 2022 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 and Subordinate Limited Tax General Obligation Bonds Series 2018B 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 8% 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. For 2022 the District does not anticipate collecting any facility fees as the final facility fees were received in 2021.

Operations and Maintenance Fees

Effective June 1, 2021, the District imposed a monthly maintenance fee of \$60 per single family home and a monthly maintenance fee of \$30 per builder lot whether a home has been constructed or not, until such time the lot /home has been conveyed to a third-party purchaser.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Investment Income

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

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 and Maintenance Expenditures

The District is responsible for the water service charges related to certain open space parcels. The District is also responsible for electrical services for a barn and silo, landscape maintenance, and snow removal. The 2022 expenses are based on 2021 costs incurred by the District.

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 8 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 2022, 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.