TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2024

Table of Contents

Dazzio & Associates, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Tollgate Crossing Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District, as of December 31, 2024, and the respective changes in financial position, and the 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. 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, 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.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV–iX be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Dazzio & Associates, P.C.

March 18, 2025

Our discussion and analysis of Tollgate Crossing Metropolitan District No. 2's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the District's basic financial statements which begin on page 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes).

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities). The governmental activity of the District is general government. The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports three governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds financial statements can be found on pages 3 through 5 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 6 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-20 of this report.

Supplementary and Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information consisting of budgetary comparison schedules for the Debt Service Fund and Capital Replacement Fund on pages 21-22 of this report. Other information also accompanies these financial statements consisting of the summary of assessed valuation, mill levy and property taxes collected and the schedule of debt service requirements to maturity, which can be found on pages 23-24.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by $287,211 at the close of the most recent fiscal year. The District's net position reflects its investment in capital assets (e.g. landscaping, pool and clubhouse, irrigation systems, fencing, bridge, etc.) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As noted in the table below, for 2024, the District's total assets increased by $59,599 or .59%. Current assets decreased by $472,924 due primarily to a decrease cash and investments of $583,909 as the District spent over $695,000 in capital projects during 2024. Capital assets increased by $532,523 as capital asset additions were greater than depreciation on capital assets. Capital asset activity is described below in the Capital Asset and Debt Administration section of the management's discussion and analysis. Deferred outflows of resources decreased by $57,608, which reflects the annual amortization over 20 years of the District's loss on refunding its long-term debt in 2012 to secure a reduction in interest rate. The District's current liabilities decreased by $464,140. The decrease is primarily due to a decrease in accounts payable/retainage at year end which is a result of the timing of vendor payments. Non-current liabilities decreased by $745,000 which reflects the District's scheduled principal payment on its Series 2012A General Obligation Refunding Notes. Long-term liability activity is described below in the Long-term Obligations section of the management's discussion and analysis. Deferred inflows of resources increased by $99,466 because of a .9% increase in the assessed valuation for taxes levied for collection in 2025 and an increase in the debt service mill levy from 12.500 to 14.000, as noted on the Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected at page 23 of the financial statements. See Economic Factors and Next Year's Budget and Rates on page X for additional information. The net position restricted decreased by $228,872, which reflects a reduction in the amount of funds held in the District's debt service fund. Unrestricted net position deficit decreased by $808,014, resulting in a negative unrestricted net position of ($4,141,722) as of December 31, 2024.

NET POSITION

	December 31,	
	2024	**2023**
ASSETS		
Current assets	$ 6,275,625	$ 6,748,549
Capital assets	3,856,297	3,323,774
Total assets	10,131,922	10,072,323
DEFERRED OUTFLOWS OF RESOURCES	254,730	312,338
LIABILITIES		
Current liabilities	29,642	493,782
Non current liabilities	7,660,000	8,405,000
Total liabilities	7,689,642	8,898,782
DEFERRED INFLOWS OF RESOURCES	2,409,799	2,310,333
NET POSITION		
Net investment in capital assets	3,856,297	3,323,774
Restricted	572,636	801,508
Unrestricted	(4,141,722)	(4,949,736)
Total net position	$ 287,211	$ (824,454)

As noted in the table below, the District's overall financial position, as measured by net position, increased $1,111,665. Property tax revenue increased by $223,976 primarily as a result of an increase in the assessed valuation of the District by 25%. Change in fair value of investments decreased to ($927) in 2024. Change in fair value of investments reflects a "mark to market" adjustment of the District's investments due to the District investing in certain US Treasury and US Government Agency securities whose market value may fluctuate, whereas previously the District's investments were solely in bank deposits and investment pools with a stable $1.00 daily asset value. These investments were made pursuant to the District's adopted investment policy. Although the District intends to hold these investments to maturity consistent with the policy, the assets are marked to market for financial reporting purposes. Expenses of general government increased $112,771 due to higher costs associated with the District's operations for management, utilities, holiday lighting and clubhouse maintenance. Interest and fiscal charges decreased

$21,612 which reflects lower interest expense on the District's Series 2012A general obligation refunding notes.

CHANGES IN NET POSITION

	Years Ended December 31, 2024	Years Ended December 31, 2023
REVENUES		
Program revenues:		
Charges for services	$ 10,945	$ 3,995
Operating grants and contributions	3,838	4,816
Total program revenue	14,783	8,811
General revenues:		
Property taxes	2,384,365	2,160,389
Specific ownership taxes	136,024	141,565
Delinquent Accounts	587	204
Net investment income	211,951	202,257
Change in fair value of investments	(927)	37,532
Miscellaneous/reimbursements	-	912
Total general revenue	2,732,000	2,542,859
Total revenue	2,746,783	2,551,670
EXPENSES		
General government	1,341,112	1,228,341
Interest and fiscal charges	294,006	315,618
Total expenses	1,635,118	1,543,959
CHANGE IN NET POSITION	1,111,665	1,007,711
NET POSITION - BEGINNING OF YEAR	(824,454)	(1,832,165)
NET POSITION - END OF YEAR	$ 287,211	$ (824,454)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental fund follows.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's Governmental Funds reported an ending fund balance of $3,848,690. Of this fund balance, $2,035,499 is nonspendable, restricted or assigned. Additional information on these amounts can be found in Note 2 and Note 7 to the financial statements. The remaining fund balance of $1,813,191 is unassigned.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget Variances. For the year ended December 31, 2024, the District's General Fund budget was not amended.

The budget to actual comparison details for the General Fund can be seen on page 6 of the financial statements. District revenues were $101,099 more than the budget. This was primarily due to an increase in net investment income and backfill funds received from Arapahoe County. Actual expenditures were under the budgeted amount by $410,117. This was primarily due to timing of contractor performing or completing significant capital projects at the time the budget was approved. Funds were appropriated for these clubhouse improvements of $600,000 but only $162,494 was incurred to complete the project.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2024 amounted to $3,856,297 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

CAPITAL ASSETS (net of depreciation)

	Balance at December 31, 2023	Changes	Balance at December 31, 2024
Landscaping	$ 1,321,016	$ 124,048	$ 1,445,064
Construction in progress	827,175	(827,175)	-
Pool and clubhouse	708,022	605,764	1,313,786
Playground	-	360,432	360,432
Irrigation systems	236,782	(27,059)	209,723
Detention pond	5,905	(591)	5,314
Entrance bridge	115,064	(11,506)	103,558
Mailboxes	-	270,749	270,749
Monuments	40,297	14,462	54,759
Lighting	60,513	26,999	87,512
Building improvements - office	9,000	(3,600)	5,400
Total capital assets, net	$ 3,323,774	$ 532,523	$ 3,856,297

In 2024, the District completed the clubhouse improvement project which began in 2022. The District has incurred $103,128 in 2024 for the clubhouse remodel. Total cost for the project was $617,377. $187,400 was spent in 2024 for park improvements which includes the purchase and installation of a new play system with poured-in-place rubber playground surface at the park. The project was completed in 2024 at a total cost of $379,559. Phases 1, 2 & 3 of the District's mailbox replacements that began in 2023 were completed in 2024 for a total cost of $280,085. The District purchased and installed a security system in the clubhouse for a total cost of $27,686. The District also spent $19,100 to install two new furnaces and $14,179 for a new key fob system at the pool. In addition, the District updated certain monuments for $16,952, $5,885 was spent to install a new pump room heater and $37,453 was spent on new lighting at the park.

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations. At the end of the current fiscal year, the District had total outstanding long-term obligations of $7,660,000 comprised solely of general obligation notes. The analysis of changes in long-term obligations is as follows:

LONG-TERM OBLIGATIONS

	2023	Change	2024
G.O. Refunding Notes - 2012A	$ 8,405,000	$ (745,000)	$ 7,660,000

During 2024 the District made the scheduled payments on the 2012A Notes. There were no new long-term obligations entered into during 2024.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For property taxes levied in 2024 to be collected in 2025, the District's assessed valuation increased by .9%, (from $51,917,594 in 2024 to $52,386,946 in 2025) as noted above and on the Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected at page 23 of the financial statements. The Board of Directors approved to hold the general operating mill levy at 32.000 mills with an increase in the debt service mill levy from 12.500 to 14.000 to generate sufficient funds to make the scheduled debt service payments and keep $250,000 as required by the lender.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Tollgate Crossing Metropolitan District No. 2's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dawn Schilling of Schilling & Company, Inc. at P.O Box 631579, Highlands Ranch, CO 80163.

BASIC FINANCIAL STATEMENTS

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2024

ASSETS	
Cash deposits and investments - unrestricted	$ 3,302,224
Cash deposits and investments - restricted	490,895
Receivable from County Treasurer	13,483
Property taxes receivable	2,409,799
Accounts receivable	4,793
Interest receivable	12,572
Prepaid expenses	41,859
Capital assets, not being depreciated	1,445,064
Capital assets, net of accumulated depreciation	2,411,233
Total assets	10,131,922
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding, net	254,730
Total deferred outflows of resources	254,730
LIABILITIES	
Accounts payable	11,279
Assessments due to customers	1,064
Accrued interest payable	17,299
Noncurrent liabilities:	
Due within one year	780,000
Due in more than one year	6,880,000
Total liabilities	7,689,642
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	2,409,799
Total deferred inflows of resources	2,409,799
NET POSITION	
Investment in capital assets	3,856,297
Restricted for emergencies	60,000
Restricted for debt service	477,383
Restricted for landscape grants	35,253
Unrestricted	(4,141,722)
Total net position	$ 287,211

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
General government	$ 1,341,112	$ 10,945	$ 3,838	$ -	$ (1,326,329)
Interest and fiscal charges	294,006	-	-	-	(294,006)
	$ 1,635,118	$ 10,945	$ 3,838	$ -	(1,620,335)

General revenues:	
Property taxes	2,384,365
Specific ownership taxes	136,024
General operations and recreation fees - delinquent accounts	587
Net investment income	211,951
Change in fair value of investments	(927)
Total general revenues	2,732,000
Change in net position	1,111,665
Net position - Beginning	(824,454)
Net position - Ending	$ 287,211

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	Debt Service	Capital Replacement	Total Governmental Funds
ASSETS				
Cash deposits and investments - unrestricted	$ 2,234,703	$ -	$ 1,067,521	$ 3,302,224
Cash deposits and investments - restricted	-	490,895	-	490,895
Receivable from County Treasurer	9,696	3,787	-	13,483
Property tax receivable	1,676,382	733,417	-	2,409,799
Accounts receivable - fees	4,793	-	-	4,793
Interest Receivable	12,572	-	-	12,572
Prepaid expense	41,859	-	-	41,859
TOTAL ASSETS	$ 3,980,005	$ 1,228,099	$ 1,067,521	$ 6,275,625
LIABILITIES				
Accounts payable	$ 11,279	$ -	$ -	$ 11,279
Deferred revenue	4,793	-	-	4,793
Assessments due to customers	1,064	-	-	1,064
Total liabilities	17,136	-	-	17,136
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	1,676,382	733,417	-	2,409,799
Total deferred inflows of resources	1,676,382	733,417	-	2,409,799
FUND BALANCES				
Nonspendable for prepaid items	41,859	-	-	41,859
Spendable:				
Restricted for emergencies	60,000	-	-	60,000
Restricted for debt service	-	494,682	-	494,682
Restricted for landscape grants	35,253	-	-	35,253
Assigned for subsequent year's expenditures	336,184	-	-	336,184
Assigned for capital projects	-	-	1,067,521	1,067,521
Unassigned	1,813,191	-	-	1,813,191
Total fund balances	2,286,487	494,682	1,067,521	3,848,690
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 3,980,005	$ 1,228,099	$ 1,067,521	

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

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.	
Deferred loss on refunding, net	254,730
Capital assets, net of accumulated depreciation	3,856,297
	4,111,027
Revenue deferred in the fund statements because it is not available to pay for the current period expenditures is earned in the government-wide statements.	4,793
Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.	
Notes payable	(7,660,000)
Accrued interest payable	(17,299)
	(7,677,299)
Net position of governmental activities	$ 287,211

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2024

	General	Debt Service	Capital Replacement	Total Governmental Funds
REVENUES				
Property tax	$ 1,714,598	$ 669,767	$ -	$ 2,384,365
Specific ownership tax	97,815	38,209	-	136,024
General operation and recreation fees - delinquent accts	587	-	-	587
Clubhouse rental	10,945	-	-	10,945
Net investment income	122,388	45,050	44,513	211,951
Change in fair value of investments	(927)	-	-	(927)
Reimbursements	3,838	-	-	3,838
Total revenues	1,949,244	753,026	44,513	2,746,783
EXPENDITURES				
Current				
Accounting and audit	31,658	-	-	31,658
Legal	21,243	-	-	21,243
Management fees and expenses	83,202	-	-	83,202
Newsletter costs	5,056	-	-	5,056
Insurance	39,034	-	-	39,034
Bank fees	1,302	-	-	1,302
County Treasurer's fees	25,740	10,055	-	35,795
Miscellaneous	3,947	-	-	3,947
Landscape maintenance	298,224	-	-	298,224
Snowplowing	-	-	-	-
Utilities	255,855	-	-	255,855
Clubhouse maintenance	40,629	-	-	40,629
Pool services	112,476	-	-	112,476
Pool repairs and maintenance	41,626	-	-	41,626
Holiday lighting	24,709	-	-	24,709
Utility notifications	622	-	-	622
Mitigation grants	500	-	-	500
Security patrols	62,350	-	-	62,350
Debt service				
Note principal	-	745,000	-	745,000
Note interest	-	227,775	-	227,775
Paying agent fees	-	250	-	250
Capital				
Capital outlay - capitalizable items	695,149	-	-	695,149
Capital outlay - non-capitalizable items	130,313	-	-	130,313
Total expenditures	1,873,635	983,080	-	2,856,715
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	75,609	(230,054)	44,513	(109,932)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(100,000)	-	-	(100,000)
Total other financing sources (uses)	(100,000)	-	100,000	-
NET CHANGE IN FUND BALANCES	(24,391)	(230,054)	144,513	(109,932)
FUND BALANCES - BEGINNING OF YEAR	2,310,878	724,736	923,008	3,958,622
FUND BALANCES - END OF YEAR	$ 2,286,487	$ 494,682	$ 1,067,521	$ 3,848,690

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	$ (109,932)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	695,149
Depreciation	(162,626)
	532,523
Long-term debt (e.g. bonds, notes) provide 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 net position. Also, governmental funds report the effect of premiums, discounts, and gains/losses on refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal payments	745,000
Amortization of deferred loss on refunding	(57,608)
	687,392
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable	1,682
	1,682
Change in net position - Governmental activities	$ 1,111,665

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2024

	Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property tax	$ 1,661,363	$ 1,714,598	$ 53,235
Specific ownership taxes	99,682	97,815	(1,867)
General operation and recreation fees - delinquent accts	-	587	587
Clubhouse rental	5,000	10,945	5,945
Net investment income	80,000	122,388	42,388
Change in fair value of investments	-	(927)	(927)
Reimbursements	2,100	3,838	1,738
Total Revenues	1,848,145	1,949,244	101,099
EXPENDITURES			
Administration:			
Accounting	26,250	26,358	(108)
Audit	5,300	5,300	-
Legal	20,000	21,243	(1,243)
Management fees and expenses	60,000	83,202	(23,202)
Management fees - special	20,000	-	20,000
Newsletter costs	5,000	5,056	(56)
Insurance	48,000	39,034	8,966
Website maintenance	5,000	-	5,000
Bank fees	2,000	1,302	698
County Treasurer's fees	24,920	25,740	(820)
Miscellaneous	-	3,947	(3,947)
Operations:			
Landscape maintenance	280,000	298,224	(18,224)
Structural prune trees	50,000	-	50,000
Utilities	285,982	255,855	30,127
Clubhouse and park maintenance	50,000	40,629	9,371
Pool services	110,000	112,476	(2,476)
Pool repairs and maintenance	38,500	41,626	(3,126)
Holiday lighting	25,000	24,709	291
Utility notifications	1,800	622	1,178
Mitigation grants	35,000	500	34,500
Security patrols	80,000	62,350	17,650
Capital outlay (capitalizable and non-capitalizable)			
Landscape projects	100,000	146,707	(46,707)
Mailbox replacements	150,000	159,318	(9,318)
Lighting	40,000	37,453	2,547
Security systems	40,000	77,955	(37,955)
Pest and wildlife mitigation	-	30,798	(30,798)
Newbridge monument renovation	-	16,952	(16,952)
Fence repairs	40,000	500	39,500
Pool Improvements	75,000	5,885	69,115
Clubhouse Improvements	600,000	162,494	437,506
Park Improvements	66,000	187,400	(121,400)
Total Expenditures	2,283,752	1,873,635	410,117
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(435,607)	75,609	511,216
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	(535,607)	(24,391)	511,216
FUND BALANCE - BEGINNING OF YEAR	1,917,818	2,310,878	393,060
FUND BALANCE - END OF YEAR	$ 1,382,211	$ 2,286,487	$ 904,276

These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Tollgate Crossing Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide for the design, acquisition, construction, installation and financing of water, sanitation, streets, traffic, safety control and park and recreation facilities.

The District was organized concurrently with Tollgate Crossing Metropolitan District No. 1. In May 2008, District No. 1 was dissolved and its assets, liabilities and fund balances were transferred to District No. 2.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and assessment revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District being 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.

Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and general operations and recreation assessments. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Replacement Fund accounts for the resources accumulated for capital replacement as determined by the Board of Directors.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. 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.

Pooled Cash and Investments

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 single bank account. 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 funds' average equity balance in total cash.

Capital Assets

Capital assets, which include landscaping, pool and clubhouse, fencing, etc. are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Improvements not conveyed either to the City of Aurora or other governmental entities for ownership and maintenance, are owned and maintained by the District.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Pool and clubhouse	8-30 years	Entrance bridge	30 years
Playground	3-10 years	Mailboxes	15 years
Irrigation systems	10 years	Monuments	20 years
Detention pond	30 years	Lighting	5-20 years
Fencing	20 years	Building improvements	5 years

Property Taxes

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 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 if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, loss on refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period 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. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

The preparation of financial statements in conformity with generally accepted account principles in the United States requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaid items) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.
Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash deposits and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Cash deposits and investments - Unrestricted	$ 3,302,224
Cash deposits and investments - Restricted	490,895
	$ 3,793,119

Cash deposits and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	$ 396,726
Investments	3,396,393
Total cash and investments	$ 3,793,119

Cash Deposits – Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels ($250,000) 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. 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 deposits and assets maintained in the collateral pools.

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance of $396,726, respectively, which were insured by federal depository insurance and collateralized under the provisions of the PDPA.

Investments

On April 4, 2022, the District adopted a written investment policy. The District's investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

In addition, the District's policy allows the Board of Directors to invest funds in securities that are intended for repayment of the District's debt for periods of exceeding 5 years to the extent that they do not exceed the maturities of the District's debt obligations, up to the amount of debt service payments that would be due for such maturity.

The District held the following investments at December 31, 2024:

Investment Type	Standard and Poors Rating	Carrying Amount	Maturities (in Years) 1 or less	1-5	Total	Percent of Total Portfolio
COLOTRUST - Plus+	AAAm	$ 2,180,953	$ 2,180,953	$ -	$ 2,180,953	N/A
Federal Home Loan Bank	AA+	722,354	433,206	289,148	722,354	21.27%
U.S. Treasury N/B	AA+	493,086	-	493,086	493,086	14.52%
		$ 3,396,393	$ 2,614,159	$ 782,234	$ 3,396,393	

Concentration of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. Governmental Accounting Standards Board Statement No. 40 Deposit and Investment Risk Disclosures requires the District to disclose investments in single issuers that exceed five percent (5%) of the District's entire investment portfolio.

At December 31, 2024, the District had investments that exceeded five percent of the District's entire investment portfolio as disclosed in the table above in the Percent of Total Portfolio column.

COLOTRUST

As of December 31, 2024, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAm by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotrust.com.

The District is invested in the COLOTRUST Plus+ portfolio as of December 31, 2024.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

Certain investments held by the District are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments such as COLOTRUST.

	Carrying Amount
Investments measured at fair value:	
Federal Home Loan Bank (Level 1 inputs)	$ 722,354
U.S. Treasury N/B (Level 1 inputs)	493,086
Total investments at fair value	1,215,440
Investments measured at NAV:	
COLOTRUST - Plus+	2,180,953
Total investments at NAV	2,180,953
Total investments	$ 3,396,393

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to $1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a $10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than $10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Restricted Cash and Investments

At December 31, 2024, cash deposits and investments in the amount of $190,895 are restricted for debt service. $250,000 of the restricted cash in the Debt Service Fund is the reserve required by the bond documents (NOTE 5).

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NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Capital assets, not being depreciated:				
Landscaping	$ 1,321,016	$ 124,048	$ -	$ 1,445,064
Construction in progress	827,175	449,846	(1,277,021)	-
Total capital assets, not being depreciated	2,148,191	573,894	(1,277,021)	1,445,064
Capital assets, being depreciated:				
Pool and clubhouse	1,514,126	684,227	-	2,198,353
Playground	-	379,559	-	379,559
Irrigation systems	534,277	-	-	534,277
Detention pond	17,720	-	-	17,720
Fencing	176,438	-	-	176,438
Entrance bridge	345,193	-	-	345,193
Mailboxes	-	280,085	-	280,085
Monuments	41,331	16,952	-	58,283
Lighting	74,619	37,453	-	112,072
Building improvements - office	17,999	-	-	17,999
Total capital assets, being depreciated	2,721,703	1,398,276	-	4,119,979
Less accumulated depreciation for:				
Pool and clubhouse	(806,104)	(78,463)	-	(884,567)
Playground	-	(19,127)	-	(19,127)
Irrigation systems	(297,495)	(27,059)	-	(324,554)
Detention pond	(11,815)	(591)	-	(12,406)
Fencing	(176,438)	-	-	(176,438)
Entrance bridge	(230,129)	(11,506)	-	(241,635)
Mailboxes	-	(9,336)	-	(9,336)
Monuments	(1,034)	(2,490)	-	(3,524)
Lighting	(14,106)	(10,454)	-	(24,560)
Building improvements - office	(8,999)	(3,600)	-	(12,599)
	(1,546,120)	(162,626)	-	(1,708,746)
Total capital assets, being depreciated, net	1,175,583	1,235,650	-	2,411,233
Capital assets, net	$ 3,323,774	$ 1,809,544	$ (1,277,021)	$ 3,856,297

Depreciation expense is charged to the general government function.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2024.

	Balance at December 31, 2023	New Issues	Retirements	Balance at December 31, 2024	Due Within One Year
G.O. Refunding Notes - 2012A	$ 8,405,000	$ -	$ 745,000	$ 7,660,000	$ 780,000

General Obligation Refunding Notes, Series 2012A and 2012B

On August 29, 2012 the District entered into a Tax-Free Loan in the principal amount of $16,130,000 with Colorado Business Bank, to refund and pay the Limited Tax G.O. Bonds, Series 2004 Bonds in the principal amount of $14,340,225. The Tax-Free Loan is evidenced by the issuance of the General Obligation Refunding Notes Series 2012A (2012A Notes) in the principal amount of $10,000,000 and the Taxable Convertible to Tax-Exempt General Obligation Refunding Notes, Series 2012B (2012B Notes) in the principal amount of $6,130,000. On January 1, 2013, the Series 2012B Notes converted to Tax-Exempt.

The 2012A Notes bear interest of 2.8% from the date of issuance to November 30, 2020 and thereafter until maturity at a rate of the sum of 3.5% plus USD 7 year LIBOR Swap Rate times 65%. Effective, November 30, 2020 the interest rate was reset to 2.71%. The 2012A Notes are subject to redemption or prepayment prior to maturity, at the option of the District, in whole or in part, on any date, upon payment of part and accrued interest plus a redemption premium as further described in the First Sale Certificate. The Series 2012A Notes are subject to mandatory sinking fund redemption prior to maturity on December 1, 2021 and each December 1 thereafter to December 1, 2031 in varying amounts. The final maturity on the 2012A Notes is December 1, 2032.

The District is required to establish and maintain a reserve fund of $250,000 for the 2012A, Notes. At December 31, 2024, the District was in compliance with the reserve requirement.

The 2012A Notes are payable from pledged revenue, which includes the District's covenant to levy a mill levy on all taxable property within the District sufficient to pay for debt scheduled payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the debt service mill levy without limitation.

The District's long-term obligations will mature as follows:

	Principal	Interest	Total
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
2030-2032	3,360,000	191,462	3,551,462
	$ 7,660,000	$ 1,007,172	$ 8,667,172

NOTE 6 – DEBT AUTHORIZATION

On November 6, 2001, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $37,500,000 at an interest rate not to exceed 18% per annum.

	Authorized November 6, 2001 Election	Authorization Used	Remaining at December 31, 2024
Street improvements	$ 10,000,000	$ 8,937,582	$ 1,062,418
Safety protection	500,000	-	500,000
Water improvements	1,000,000	1,000,000	-
Sanitation	3,500,000	3,500,000	-
Park and recreation	4,500,000	702,419	3,797,581
Operations	1,000,000	-	1,000,000
Refunding	17,000,000	16,130,000	870,000
	$ 37,500,000	$ 30,270,001	$ 7,229,999

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, the amount and timing of any debt issuances in not determinable.

NOTE 7 - FUND EQUITY

At December 31, 2024, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of $41,859 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of $60,000 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (NOTE 10).

The restricted fund balance in the General Fund in the amount of $35,253 is to be used by residents of the District who have potentially been impacted visually or by connectivity as a result of a transmission line project by Xcel Energy. (NOTE 12).

The restricted fund balance in the Debt Service Fund in the amount of $494,682 is to be used exclusively for debt service requirements (NOTE 5).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of $336,184 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

The assigned fund balance in the Capital Replacement Fund in the amount of $1,067,521 is comprised of amounts assigned by the Board of Directors by resolution for capital needs of the District.

NOTE 8 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had Investment in capital assets of $3,856,297.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2024 as follows:

Restricted net position:	
Emergency reserves (see Note 10)	$ 60,000
Debt Service	477,383
Landscape grants	35,253
	$ 572,636

The District's had a deficit unrestricted net position at December 31, 2024. This deficit amount was a result of the District being responsible for repayment of debt issued for public improvements conveyed to other governmental entities.

NOTE 9 – CONTINGENCIES

Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S. the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

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.

On November 6, 2001, the District's electors approved the following ballot issues:

Shall District taxes be increased $150,000 annually or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, to be used for the purpose of paying the District's operations, maintenance, and other expenses: and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District in 2001 and in each year thereafter without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution or Section 29-1-301, Colorado Revised Statues?

Shall the District be authorized to collect, retain, and spend the amount of $1,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate toll, penalty, income or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District?

On May 8, 2018, the District's electors approved the following ballot issue:

Shall Tollgate Crossing Metropolitan District No. 2 taxes be increased $655,000 annually (for collection in calendar year 2019), or by such lesser or greater 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, and as may be determined by the District, and by the following limitation: the property tax increase set forth above shall be reduced or eliminated, but shall not be below zero, if the total mill levy imposed by the Tollgate Crossing Metropolitan District No. 2 for all purposes would otherwise exceed 57.556 mills, provided that if on or after January 1, 2019, if there are changes in the method of calculating residential assessed valuation, such mill levy limit shall be increased or decreased so that to the extent possible, the actual tax revenues as adjusted for such changes are neither diminished nor enhanced as a result of such changes; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District in 2019 and in each year thereafter without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?

NOTE 11 – INTERFUND TRANSFERS

The Capital Replacement Fund received a transfer of $100,000 from the General Fund to accumulate funds for capital replacement purposes.

NOTE 12 – INTERGOVERNMENTAL AGREEMENT

On September 16, 2019, the District entered into an Intergovernmental Agreement (IGA) with the City of Aurora (City) regarding Transmission Line Project Impacts. In 2017, Xcel Energy notified the City of its plan to construct the Pawnee to Daniels Park 35-KV Transmission Line Project within its transmission line corridor and within the City's jurisdictional boundaries. The City has identified properties adjacent to the project that may be potentially impacted visually or by connectivity as a result of the project, and, therefore, eligible to received designated mitigation program funds.

The IGA outlines a Residence Landscape Screening Program which provides funds for owners of single-family residential lots adjacent to the project. Qualified lot owners may be eligible for reimbursement up to $500 for the installation of new trees and/or other appropriate landscaping to help create ground-level screening of the project. The City has allocated $71,000 to the Residence Landscape Screening Program. At December 31, 2024, the District had $35,253 of grant funding to issue to eligible residents.

SUPPLEMENTAL INFORMATION

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2024

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property taxes	$ 648,970	$ 669,767	$ 20,797
Specific ownership taxes	38,938	38,209	(729)
Net investment income	45,000	45,050	50
Total Revenues	732,908	753,026	20,118
EXPENDITURES			
County treasurer's fees	9,735	10,055	(320)
Note principal	745,000	745,000	-
Note interest	227,775	227,775	-
Paying agent fees	3,500	250	3,250
Total Expenditures	986,010	983,080	2,930
NET CHANGE IN FUND BALANCE	(253,102)	(230,054)	23,048
FUND BALANCE - BEGINNING OF YEAR	712,312	724,736	12,424
FUND BALANCE - END OF YEAR	$ 459,210	$ 494,682	$ 35,472

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL REPLACEMENT FUND
Year Ended December 31, 2024

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUE			
Net investment income	$ 45,767	$ 44,513	$ (1,254)
	45,767	44,513	(1,254)
EXPENDITURES			
Capital outlay	-	-	-
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,767	44,513	(1,254)
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	-
NET CHANGE IN FUND BALANCE	145,767	144,513	(1,254)
FUND BALANCE - BEGINNING OF YEAR	915,334	923,008	7,674
FUND BALANCE - END OF YEAR	$ 1,061,101	$ 1,067,521	$ 6,420

OTHER INFORMATION

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied General	Mills Levied Debt	Property Taxes Levied	Property Taxes Collected		Percentage Collected to Levied
2009	$ 21,566,880	5.000	47.060	$ 1,122,771	$ 1,115,460		99.3%
2010	$ 19,393,380	5.000	47.060	$ 1,009,619	$ 1,009,615		100.0%
2011	$ 20,796,960	2.409 *	50.000	$ 1,089,948	$ 1,090,289		100.0%
2012	$ 20,633,830	2.060	50.000	$ 1,074,198	$ 1,074,192		100.0%
2013	$ 21,845,570	6.866	45.194	$ 1,137,281	$ 1,137,373		100.0%
2014	$ 22,343,380	6.710	45.350	$ 1,163,196	$ 1,160,887		99.8%
2015	$ 22,976,536	6.528	45.532	$ 1,196,159	$ 1,195,155		99.9%
2016	$ 29,117,091	5.151	46.909	$ 1,515,836	$ 1,515,684		100.0%
2017	$ 30,985,716	4.840	47.220	$ 1,613,117	$ 1,613,272		100.0%
2018	$ 35,518,252	4.223	45.777	$ 1,775,913	$ 1,775,913		100.0%
2019	$ 36,055,639	23.000	34.556	$ 2,075,218	$ 2,075,202		100.0%
2020	$ 56,572,166	28.000	29.556	$ 3,256,067	$ 3,256,068		100.0%
2021	$ 52,378,827	30.000	27.556	$ 3,014,716	$ 3,014,689		100.0%
2022	$ 55,009,537	40.000	12.000	$ 2,860,496	$ 2,860,519		100.0%
2023	$ 41,545,953	40.000	12.000	$ 2,160,389	$ 2,160,389		100.0%
2024	$ 51,917,594	32.000	12.500	$ 2,310,333	$ 2,310,186	**	100.0%
Estimated for year ending December 31, 2025	$ 52,386,946	32.000	14.000	$ 2,409,799			

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

* Includes refund and abatement levy of .349.
** Excludes funds received during the year from SB22-238/ 23B-001 of $74,179

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2024

	$10,000,000 General Obligation Refunding Notes, Series 2012A Dated August 29, 2012 Interest Rate of 2.71%, effective November 30, 2020 Principal Due December 1 Interest Due June 1 and December 1		
Year Ending December 31,	**Principal**	**Interest**	**Total**
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
	$ 7,660,000	$ 1,007,172	$ 8,667,172