

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

Financial Statements

Year Ended December 31, 2019

with

Independent Auditor's Report

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## Independent Auditor's Report

Board of Directors  
Tallyn's Reach Metropolitan District No. 3  
Arapahoe County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Tallyn's Reach Metropolitan District No. 3 (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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 Tallyn's Reach Metropolitan District No. 3 as of December 31, 2019, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental 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. Such 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Wipfli LLP*  
*Lakewood, Colorado*

March 31, 2020

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2019

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
<b>ASSETS</b>					
Cash and investments - restricted	\$ -	\$ 1,924,765	\$ 1,924,765	\$ -	\$ 1,924,765
Receivable - county treasurer	-	21,213	21,213	-	21,213
Property taxes receivable	-	<u>3,581,158</u>	<u>3,581,158</u>	-	<u>3,581,158</u>
Total Assets	-	<u>5,527,136</u>	<u>\$ 5,527,136</u>	-	<u>5,527,136</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	-	<u>413,798</u>	<u>413,798</u>
Total Deferred Outflows of Resources	-	-	-	<u>413,798</u>	<u>413,798</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 5,527,136</u>	<u>\$ 5,527,136</u>		
<b>LIABILITIES</b>					
Accrued interest on bonds	\$ -	\$ -	\$ -	1,243,272	1,243,272
Long-term liabilities:					
Due within one year	-	-	-	785,000	785,000
Due in more than one year	-	-	-	<u>43,342,174</u>	<u>43,342,174</u>
Total Liabilities	-	-	-	<u>45,370,446</u>	<u>45,370,446</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	-	<u>3,581,158</u>	<u>3,581,158</u>	-	<u>3,581,158</u>
Total Deferred Inflows of Resources	-	<u>3,581,158</u>	<u>3,581,158</u>	-	<u>3,581,158</u>
<b>FUND BALANCE</b>					
Fund balance:					
Restricted:					
Debt service	-	<u>1,945,978</u>	<u>1,945,978</u>	<u>(1,945,978)</u>	-
Total Fund Balances	-	<u>1,945,978</u>	<u>1,945,978</u>	<u>(1,945,978)</u>	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 5,527,136</u>	<u>\$ 5,527,136</u>		
<b>NET POSITION</b>					
Restricted for:					
Debt service				702,706	702,706
Unrestricted				<u>(43,713,376)</u>	<u>(43,713,376)</u>
Total Net Position				<u>\$ (43,010,670)</u>	<u>\$ (43,010,670)</u>

The notes to the financial statements are an integral part of these statements.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
Bond principal - 2007	\$ -	\$ 7,865,000	\$ 7,865,000	\$ (7,865,000)	\$ -
Bond interest expense - 2007	-	215,586	215,586	(9,199)	206,387
Bond principal - 2012	-	385,000	385,000	(385,000)	-
Bond interest expense - 2012	-	304,494	304,494	(5,820)	298,674
Bond principal - 2013	-	55,000	55,000	(55,000)	-
Bond interest expense - 2013	-	749,431	749,431	(230)	749,201
Bond principal - 2016A	-	2,103,000	2,103,000	(2,103,000)	-
Bond interest expense - 2016A	-	662,580	662,580	(5,915)	656,665
Bond interest expense - 2016B	-	-	-	351,501	351,501
Bond principal - 2019	-	260,000	260,000	(260,000)	-
Bond interest expense - 2019	-	145,034	145,034	-	145,034
Costs of issuance	-	237,493	237,493	-	237,493
Trustee fees	-	8,800	8,800	-	8,800
Treasurer's fees	-	48,626	48,626	-	48,626
Amortization of loss on refunding	-	-	-	51,398	51,398
Total Expenditures	<u>-</u>	<u>13,040,044</u>	<u>13,040,044</u>	<u>(10,286,265)</u>	<u>2,753,779</u>
<b>GENERAL REVENUES</b>					
Property taxes	-	3,239,857	3,239,857	-	3,239,857
Specific ownership taxes	-	254,001	254,001	-	254,001
Interest income	-	98,681	98,681	-	98,681
Total General Revenues	<u>-</u>	<u>3,592,539</u>	<u>3,592,539</u>	<u>-</u>	<u>3,592,539</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(9,447,505)	(9,447,505)	10,286,265	838,760
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	7,255,000	7,255,000	(7,255,000)	-
Bond premium	-	867,660	867,660	(867,660)	-
Transfer from (to) other funds	<u>(5,005)</u>	<u>5,005</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,005)</u>	<u>8,127,665</u>	<u>8,122,660</u>	<u>(8,122,660)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCE</b>	(5,005)	(1,319,840)	(1,324,845)	1,324,845	
<b>CHANGE IN NET POSITION</b>				838,760	838,760
<b>FUND BALANCE/NET POSITION:</b>					
BEGINNING OF YEAR	<u>5,005</u>	<u>3,265,818</u>	<u>3,270,823</u>	<u>(47,120,253)</u>	<u>(43,849,430)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 1,945,978</u>	<u>\$ 1,945,978</u>	<u>\$ (44,956,648)</u>	<u>\$ (43,010,670)</u>

The notes to the financial statements are an integral part of these statements.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2019

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Tallyn's Reach Metropolitan District No. 3 (the "District"), located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, street, traffic and safety control, television relay and translator, transportation, parks and recreation and sanitation improvements that benefit the citizens of the District. At the time of formation, Tallyn's Reach Metropolitan District No. 1 ("District No. 1") and the Tallyn's Reach Metropolitan District No. 2 ("District No. 2") were also formed. All three districts are governed by the same Service Plan, which provides that District No. 1 is the "Operating District" and the District and District No. 2 are the "Taxing Districts". The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. During 2018 the District and District No. 2 formed Tallyn's Reach Authority to perform the duties and obligations of the Operating District. Subsequently all contracts and agreements were modified such that all responsibilities and obligations of Tallyn's Reach Metropolitan District No. 1 were assigned to Tallyn's Reach Authority and Tallyn's Reach Metropolitan District No. 1 was subsequently dissolved. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.



## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

The District reports the following major governmental fund:

**Capital Projects Fund** – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

**Debt Service Fund** – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

In November 2019, the District amended its total appropriations in the Debt Service Fund from \$3,506,877 to \$13,400,000 primarily due to the issuance of the Series 2019 Bonds (See Note 3).

#### Assets, Liabilities and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents and accounts receivable. The District estimates that the fair value of all financial instruments at December 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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 fund's average equity balance in the total cash.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This item is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt (see Note 3).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### 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 normally 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

#### Original Issue Premium and Loss on Refunding

The original issue premium and deferred loss on refunding from the Series 2012 Bonds are being amortized over the life of the bonds using the effective interest method. Accumulated amortization of the original issue premium and deferred loss on refunding amounted to \$37,270 and \$422,317, respectively, at December 31, 2019.

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the Debt Service Fund in the amount of \$1,945,978 is restricted for the payment of the debt service costs (see Note 3).

#### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

#### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2019

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2019, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - Restricted           \$ 1,924,765

Cash and investments as of December 31, 2019, consist of the following:

Investments – COLOTRUST	\$ 143,775
Investments - CSAFE	<u>1,780,990</u>
Total investments	\$ <u>1,924,765</u>

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### Deposits

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

#### Investments

##### Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

##### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

##### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

##### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. The District's investment is not required to be categorized within the fair value hierarchy. The Colotrust investment's value is calculated using the net asset value method (NAV) per share and the CSAFE investment's value is calculated using the amortized cost method.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

As of December 31, 2019, the District had the following investments:

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST" or the "Trust") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2019, the District had \$143,775 invested in COLOTRUST.

#### CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAAM by Standard and Poor's and the maturity is a weighted average under 60 days. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records identify the investments owned by CSAFE. At December 31, 2019, the District had \$1,780,990 invested in CSAFE.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2019

Note 3: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2019:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
Series 2007 - GO Bonds	\$ 7,865,000	\$ -	\$ 7,865,000	\$ -	\$ -
Series 2012 - GO Bonds	7,940,000	-	385,000	7,555,000	400,000
Series 2012 - premium	41,050	-	4,536	36,514	-
Series 2013 -GO Bonds	14,730,000	-	55,000	14,675,000	105,000
Series 2016A -GO Bonds	9,816,000	-	2,103,000	7,713,000	-
Series 2016B -GO Bonds	6,285,000	-	-	6,285,000	-
Series 2019 - GO Bonds	-	7,255,000	260,000	6,995,000	280,000
Series 2019 - premium	-	867,660	-	867,660	-
	<u>\$ 46,677,050</u>	<u>\$ 8,122,660</u>	<u>\$ 10,672,536</u>	<u>\$ 44,127,174</u>	<u>\$ 785,000</u>

A description of the long-term obligations as of December 31, 2019, is as follows:

\$10,000,000 Limited Tax General Obligation Bonds - Series 2007

On March 7, 2007, the District issued \$10,000,000 of Limited Tax General Obligation Bonds Series 2007 ("Series 2007 Bonds") dated February 27, 2007, convertible to unlimited tax bonds as of December 2008 when the debt to assessed value ratio was equal to or less than 50%. The Series 2007 Bonds are term bonds with \$540,000 due December 1, 2011 with an interest rate of 4.60%, \$615,000 due December 1, 2015 with an interest rate of 4.80%, \$3,620,000 due December 1, 2026 with an interest rate of 5.10%, and \$5,225,000 due December 1, 2036 with an interest rate of 5.20%. The Series 2007 Bonds mature beginning in 2009 in increasing annual amounts through 2036. Interest is payable on June 1 and December 1 of each year beginning June 1, 2007. The Pledged Revenue for the repayment of the Series 2007 Bonds is a debt service mill levy fixed at 48.96 mills (which can be adjusted to account for changes in law), specific ownership taxes, and any other legally available funds.

The Series 2007 Bonds maturing on or before December 1, 2011 and December 1, 2015 are not subject to redemption prior to maturity. The Series 2007 Bonds maturing on or after December 1, 2026 and December 1, 2036 shall be subject to redemption prior to their respective maturities on December 1, 2016, or on any date thereafter at a redemption price equal to the principal amount plus accrued interest without a redemption premium.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

The proceeds of the Series 2007 Bonds were used to (i) reimburse the Developer for the costs of installing and constructing street, water, sewer and other public improvements including accrued interest, (ii) finance capitalized interest, and (iii) pay the costs of issuing the bonds. The District transferred \$8,838,382 of the bond proceeds to District No. 1 for reimbursement of previous developer advances.

The Series 2007 Bonds were refunded with the issuance of the Series 2019 Bonds (see below).

#### \$9,915,000 General Obligation Refunding Bonds - Series 2012

On August 8, 2012, the District issued \$9,915,000 General Obligation Refunding Bonds Series 2012 ("Series 2012 Bonds") dated August 8, 2012. The Series 2012 Bonds include term bonds with \$1,930,000 due December 1, 2021 with an interest rate of 4.00% and \$3,890,000 due December 1, 2033 with an interest rate of 4.00%. The remainder of the Series 2012 Bonds mature beginning in 2012 in increasing annual amounts through 2027 with varying interest rates. Interest is payable on June 1 and December 1 of each year beginning June 1, 2012. Pledged Revenue for the repayment of the Series 2012 Bonds is a debt service mill levy fixed at 48.96 mills (which is limited by elections and which can be adjusted to account for changes in law), specific ownership taxes, and any other legally available funds. The Series 2012 Bonds maturing on or before December 1, 2022 are not subject to redemption prior to maturity. The Series 2012 Bonds maturing on or after December 1, 2023 shall be subject to redemption prior to maturity on December 1, 2022, or on any date thereafter at a redemption price equal to the principal amount plus accrued interest without a redemption premium. The proceeds of the Series 2012 Bonds were used to (i) advance refund \$8,510,000 of the Series 2004 Bonds, (ii) fund the Reserve Fund, and (iii) pay the costs of issuing the bonds.

The Series 2012 Bonds requires that a Reserve Fund be established and maintained with a balance equal to six months of the maximum annual debt service on the bonds, excluding debt service in the final year of 2033. Moneys in the Reserve Fund shall be used only to prevent a default in the payment of the principal and interest of the bonds. The Reserve Fund was initially funded with \$347,225 from proceeds from the Series 2012 Bonds. The Reserve Fund balance as of December 31, 2019, was \$348,248.

The District advance refunded the Series 2004 Bonds to reduce its total debt service payments over the next 21 years by almost \$1,710,000 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of almost \$1,260,000. In the governmental-wide financial statements, the District incurred a cost of refunding of \$836,115 which has been deferred and is being amortized over the life of the debt.



## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### \$14,790,000 General Obligation Refunding and Improvement Bonds - Series 2013

On May 30, 2013, the District issued \$14,790,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds Series 2013 ("Series 2013 Bonds") dated May 30, 2013. The Series 2013 Bonds include term bonds with \$4,445,000 due December 1, 2033 with an interest rate of 5.00% and \$10,345,000 due November 1, 2038 with an interest rate of 5.125%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2013. Pledged Revenue for the repayment of the Series 2013 Bonds is a debt service mill levy fixed at 48.96 mills (which is limited by elections and which can be adjusted to account for changes in law), specific ownership taxes, and any other legally available funds.

The Series 2013 Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, in integrals of \$100,000 on December 1, 2023, and on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without penalty. The proceeds of the Series 2013 Bonds were used to (i) pay and cancel the Series 2009 Loan and its associated swap termination penalty, (ii) fund the Reserve Fund, (iii) provide funds for infrastructure improvements, and (iv) pay the costs of issuing the bonds.

The Series 2013 Bonds requires that a Reserve Fund be established and maintained with a balance equal to a Required Reserve of \$1,300,416. Moneys in the Reserve Fund shall be used only to prevent a default in the payment of the principal and interest of the bonds. The Reserve Fund was initially funded with \$1,300,416 from proceeds from the Series 2013 Bonds. The Reserve Fund balance as of December 31, 2019, was \$1,305,203.

#### \$10,245,000 Subordinate Limited Tax General Obligation Bonds, Series 2016A

On August 31, 2016, the District issued \$10,245,000 Subordinate Limited Tax General Obligation Bonds, Series 2016A ("Series 2016A Bonds"), dated August 31, 2016. The Series 2016A Bonds bear interest at 6.75% and mature on November 1, 2038. Payment of principal and interest on these Bonds is subordinate to the payment of the Senior Obligations, which consist of the Series 2007 Bonds, the Series 2012 Bonds, and the Series 2013 Bonds. In addition, the Series 2016A Bonds are "cash flow" bonds such that principal and interest thereon is payable only to the extent of available Subordinate Pledged Revenue which consists of all moneys derived from the imposition by the District of the Required Mill Levy less the property tax revenue necessary to pay debt service on all Senior Obligations. The Series 2016A Bonds were issued for the purpose of financing the reimbursement of construction costs of public improvements benefiting the District and paying costs of issuance of the bonds.

The Series 2016A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2016, and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2021, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### \$6,285,000 Junior Subordinate Limited Tax General Obligation Bonds, Series 2016B

On August 31, 2016, the District issued \$6,285,000 Junior Subordinate Limited Tax General Obligation Bonds, Series 2016B ("Series 2016B Bonds"), dated August 31, 2016. The Series 2016B Bonds bear interest at 4.99% payable annually on December 20 and mature on December 20, 2035. Payment of principal and interest on these Bonds is subordinate to the payment of the Senior Obligations, which consist of the Series 2007 Bonds, the Series 2012 Bonds, the Series 2013 Bonds and any other Senior Obligations outstanding. Principal and interest thereon is payable only to the extent of available Junior Pledged Revenue which consists of all moneys derived from the imposition by the District of the Junior Mill Levy, the related Specific Ownership Tax Revenue, and any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Bond Account. The Series 2016B Bonds were issued for the purpose of financing the reimbursement of construction costs of public improvements benefiting the District and paying costs of issuance of the bonds.

The Series 2016B Bonds are subject to a mandatory redemption in part by lot on December 20 of each year including the Maturity date to the extent of moneys on deposit, if any, in the Mandatory Redemption Account of the Junior Bond Account 45 days prior, at a price equal to par plus accrued interest without redemption premium and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on any date, upon payment of par and accrued interest without redemption premium. After December 20, 2035, any principal or interest remaining due on the Series 2016 Bonds shall be discharged and the bonds shall be deemed paid in full on such date.

#### \$7,255,000 General Obligation Refunding Bonds, Series 2019

On June 12, 2019, the District issued \$7,255,000 General Obligation Refunding Bonds Series 2019 ("Series 2019 Bonds") at a premium of \$867,660 with maturities through December 1, 2036. Interest rates on the Series 2019 Bonds range between 2.000% and 5.000% with yields ranging between 1.700% and 3.120%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2019. Proceeds of the bond issue were used to fully refund the outstanding Series 2007 bonds and pay costs of issuance of the Series 2019 Bonds.

The Pledged Revenue for the repayment of the Series 2019 Bonds is a debt service mill levy without limitation of rate and in an amount sufficient to pay the principal of and interest on the Bonds when due, specific ownership taxes, and any other legally available funds. The Series 2019 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2034, and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2029, upon payment of the principal amount thereof (without redemption premium) plus accrued interest.

The District refunded the Series 2007 Bonds to reduce its total future debt service payments by \$1,843,270 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of \$1,476,431.

TALLYN’S REACH METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2019

The following is a summary of the annual long-term debt principal and interest requirements of the Senior Debt (Series 2012 Bonds, Series 2013 Bonds and Series 2019 Bonds).

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 785,000	\$ 1,331,724	\$ 2,116,724
2021	820,000	1,296,476	2,116,476
2022	900,000	1,259,675	2,159,675
2023	940,000	1,219,025	2,159,025
2024	1,030,000	1,179,900	2,209,900
2025-2029	6,060,000	5,244,257	11,304,257
2030-2034	8,575,000	3,707,356	12,282,356
2035-2038	<u>10,115,000</u>	<u>1,389,178</u>	<u>11,504,178</u>
	<u>\$ 29,225,000</u>	<u>\$ 16,627,591</u>	<u>\$ 45,852,591</u>

Because of the uncertainty of the timing of principal payments on the 2016A Subordinate Limited Tax General Obligation Bonds and 2016B Junior Subordinate Limited Tax General Obligation Bonds, no summary of the annual long-term debt principal and interest requirements is presented.

Debt Authorization

As of December 31, 2019, the District had remaining voted debt authorization of approximately \$41,125,000. Per the District’s Service Plan, the District cannot issue debt in excess of \$57,753,600, resulting in outstanding authorization of \$5,014,971 after the issuance of the Series 2019 Bonds. The District has not budgeted to issue any new debt during 2020.

Note 4: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which 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.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

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 has no General Fund as all operating costs are paid by District No. 1 and therefore has no 3% reserve.

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 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

#### Note 5: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2019

#### Note 6: District Agreements

##### District Facilities Construction and Service Agreement

On January 1, 2002, and as amended on December 17, 2003 and February 13, 2007, the District entered into a District Facilities Construction and Service Agreement with District No. 1 and District No. 2. The agreement states that the District and District No. 2 will pay District No. 1 for the capital costs of designing, acquiring, construction, operation and maintenance of the District facilities. The amendment states that until such time as any bonds issued by the Taxing Districts are discharged, all remaining obligations of the Taxing Districts to make payments to the Operating District will be fully subordinate to the bonds. The agreement allows District No. 1 to establish various fees.

On May 13, 2008, the First Amendment to the Amended and Restated District Facilities Construction and Service Agreement was approved which reaffirmed that the maximum amounts of authorized debt service and capital costs are not permitted to exceed the Service Plan aggregate of \$66,350,000. This agreement was terminated by the Districts on May 9, 2018, through the Termination of the District Facilities Construction and Service Agreement.

##### Amended and Restated Joint Resolution Concerning the Imposition of District Development Fees

On August 24, 1999, and as amended and/or restated in 2000, 2001, 2002, 2003, 2005, 2007, 2010 and 2012, the District entered into a Joint Resolution Concerning the Imposition of District Development Fees with District No. 1 and District No. 2. The agreement establishes development fees, transfer fees and monthly operations fees to be imposed on all residents of the Districts.

On December 9, 2014, the District approved an Amended and Restated Joint Resolution Regarding the Imposition of District Fees along with District No. 1 and District No. 2 which further clarified the District fees and established a schedule of fees for 2015 which is adjusted on an annual basis.

For 2019, the District established an operations fee of \$200 per quarter for single family residences which is imposed by Tallyn's Reach Authority.

##### Tallyn's Reach Authority Establishment Agreement

On February 12, 2018, Tallyn's Reach Metropolitan District No. 2 and Tallyn's Reach Metropolitan District No. 3 (collectively "the Districts") entered into the Tallyn's Reach Authority Establishment Agreement for the purpose of establishing the Tallyn's Reach Authority which is organized for the purpose of planning, financing, designing, constructing, installing, operating, maintaining, repairing and replacing public improvements and facilities and providing services to the residents of the Districts. During 2018 Tallyn's Reach Metropolitan District No. 1 assigned all of its assets, liabilities, rights and obligations to the Authority after which the Tallyn's Reach Metropolitan District No.1 was dissolved.

TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2019

Note 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Long-term liabilities such as bonds payable, and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds; and,
- 2) bond principal payments are reported as expenditures in the fund statements; however, in the government-wide financial statements, they are reported as changes in long-term liabilities.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities; and,
- 2) governmental funds report the repayment of bond principals as expenditures; however, these are eliminated on the statement of activities and reported as reductions in long-term liabilities on the statement of net position.

SUPPLEMENTAL INFORMATION

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Transfer to Tallyn's Reach Authority	<u>5,005</u>	<u>-</u>	<u>5,005</u>
Total Expenditures	<u>5,005</u>	<u>-</u>	<u>5,005</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,005)</b>	<b>-</b>	<b>5,005</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	<u>-</u>	<u>(5,005)</u>	<u>(5,005)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,005)</u>	<u>(5,005)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,005)</b>	<b>(5,005)</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>5,005</u>	<u>5,005</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of these statements.



**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND

For the Year Ended December 31, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 3,239,895	\$ 3,239,895	\$ 3,239,857	\$ (38)
Specific ownership taxes	226,982	226,982	254,001	27,019
Interest income	<u>40,000</u>	<u>40,000</u>	<u>98,681</u>	<u>58,681</u>
Total Revenues	<u>3,506,877</u>	<u>3,506,877</u>	<u>3,592,539</u>	<u>85,662</u>
EXPENDITURES				
Bond principal - 2007	275,000	7,865,000	7,865,000	-
Bond interest expense - 2007	406,340	215,586	215,586	-
Bond principal - 2012	385,000	385,000	385,000	-
Bond interest expense - 2012	304,494	304,494	304,494	-
Bond principal - 2013	55,000	55,000	55,000	-
Bond interest expense - 2013	749,431	749,431	749,431	-
Bond principal - 2016A	-	2,382,045	2,103,000	279,045
Bond interest expense - 2016A	1,272,539	662,580	662,580	-
Bond principal - 2019	-	260,000	260,000	-
Bond interest expense - 2019	-	145,035	145,034	1
Costs of issuance	-	316,756	237,493	79,263
Trustee fees	8,500	8,500	8,800	(300)
Treasurer's fees	48,573	48,573	48,626	(53)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>3,506,877</u>	<u>13,400,000</u>	<u>13,040,044</u>	<u>359,956</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,506,877)	(9,893,123)	(9,447,505)	445,618
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	7,255,000	7,255,000
Bond premium	-	-	867,660	867,660
Transfer from (to) other funds	<u>-</u>	<u>-</u>	<u>5,005</u>	<u>5,005</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,127,665</u>	<u>8,127,665</u>
NET CHANGE IN FUND BALANCE	-	(9,893,123)	(1,319,840)	8,573,283
FUND BALANCE:				
BEGINNING OF YEAR	<u>3,126,641</u>	<u>3,126,641</u>	<u>3,265,818</u>	<u>139,177</u>
END OF YEAR	<u>\$ 3,126,641</u>	<u>\$ (6,766,482)</u>	<u>\$ 1,945,978</u>	<u>\$ 8,712,460</u>

The notes to the financial statements are an integral part of these statements.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2019

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u> <u>Debt Service</u>	<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2004	\$ 345,600	48.960	\$ 16,921	\$ 16,921	100.00%
2005	\$ 6,975,400	48.960	\$ 341,516	\$ 516,213	151.15%
2006	\$ 17,229,090	48.960	\$ 843,536	\$ 843,499	100.00%
2007	\$ 24,253,260	48.960	\$ 1,187,440	\$ 1,186,820	99.95%
2008	\$ 36,102,740	48.960	\$ 1,767,590	\$ 1,764,788	99.84%
2009	\$ 40,708,870	48.960	\$ 1,993,106	\$ 1,972,865	98.98%
2010	\$ 39,679,010	48.960	\$ 1,942,684	\$ 1,938,902	99.81%
2011	\$ 42,038,860	48.960	\$ 2,058,223	\$ 1,985,444	96.46%
2012	\$ 39,539,210	48.960	\$ 1,935,840	\$ 1,911,768	98.76%
2013	\$ 42,144,740	48.960	\$ 2,063,406	\$ 2,012,809	97.55%
2014	\$ 42,757,200	48.960	\$ 2,093,393	\$ 2,089,064	99.79%
2015	\$ 44,510,157	48.960	\$ 2,179,217	\$ 2,179,002	99.99%
2016	\$ 53,245,067	48.960	\$ 2,606,878	\$ 2,606,485	99.98%
2017	\$ 55,033,073	48.960	\$ 2,694,419	\$ 2,694,419	100.00%
2018	\$ 59,345,469	54.128	\$ 3,212,252	\$ 3,211,487	99.98%
2019	\$ 59,856,167	54.128	\$ 3,239,895	\$ 3,239,857	100.00%
Estimated for year ending December 31, 2020	\$ 65,709,315	54.500	\$ 3,581,158		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

## TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

### SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2019

Year Ended <u>December 31,</u>	\$9,915,000 General Obligation Refunding Bonds Series 2012 Interest Rate Varies from 3.00% to 4.00% Payable June 1 and December 1 Principal Due December 1			\$14,790,000 General Obligation Refunding and Improvement Bonds Series 2013 Interest Rate Varies from 5.00% to 5.125% Payable June 1 and December 1 Principal Due December 1 **		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 400,000	\$ 289,093	\$ 689,093	\$ 105,000	\$ 746,681	\$ 851,681
2021	420,000	273,094	693,094	105,000	741,432	846,432
2022	435,000	256,294	691,294	155,000	736,181	891,181
2023	450,000	238,894	688,894	165,000	728,431	893,431
2024	465,000	224,269	689,269	220,000	720,181	940,181
2025	480,000	208,575	688,575	230,000	709,182	939,182
2026	495,000	191,775	686,775	290,000	697,681	987,681
2027	520,000	174,450	694,450	295,000	683,181	978,181
2028	535,000	155,600	690,600	360,000	668,431	1,028,431
2029	560,000	134,200	694,200	375,000	650,432	1,025,432
2030	575,000	111,800	686,800	450,000	631,681	1,081,681
2031	600,000	88,800	688,800	470,000	609,181	1,079,181
2032	625,000	64,800	689,800	540,000	585,681	1,125,681
2033	995,000	39,800	1,034,800	570,000	558,682	1,128,682
2034	-	-	-	1,340,000	530,181	1,870,181
2035	-	-	-	1,410,000	461,506	1,871,506
2036	-	-	-	1,530,000	389,244	1,919,244
2037	-	-	-	2,290,000	310,832	2,600,832
2038	-	-	-	3,775,000	177,346	3,952,346
	<u>\$ 7,555,000</u>	<u>\$ 2,451,444</u>	<u>\$ 10,006,444</u>	<u>\$ 14,675,000</u>	<u>\$ 11,336,147</u>	<u>\$ 26,011,147</u>

\*\* Final Maturity Date is November 1, 2038

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2019

**\$7,255,000 General Obligation Refunding Bonds**

**Series 2019**

**Interest Rate Varies from 2.000% to 5.000%**

**Payable June 1 and December 1**

**Principal Due December 1**

<b>Year Ended December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total</b>
2020	\$ 280,000	\$ 295,950	\$ 575,950	\$ 785,000	\$ 1,331,724	\$ 2,116,724
2021	295,000	281,950	576,950	820,000	1,296,476	2,116,476
2022	310,000	267,200	577,200	900,000	1,259,675	2,159,675
2023	325,000	251,700	576,700	940,000	1,219,025	2,159,025
2024	345,000	235,450	580,450	1,030,000	1,179,900	2,209,900
2025	360,000	218,200	578,200	1,070,000	1,135,957	2,205,957
2026	365,000	211,000	576,000	1,150,000	1,100,456	2,250,456
2027	380,000	196,400	576,400	1,195,000	1,054,031	2,249,031
2028	400,000	181,200	581,200	1,295,000	1,005,231	2,300,231
2029	415,000	163,950	578,950	1,350,000	948,582	2,298,582
2030	435,000	143,200	578,200	1,460,000	886,681	2,346,681
2031	460,000	121,450	581,450	1,530,000	819,431	2,349,431
2032	480,000	98,450	578,450	1,645,000	748,931	2,393,931
2033	505,000	74,450	579,450	2,070,000	672,932	2,742,932
2034	530,000	49,200	579,200	1,870,000	579,381	2,449,381
2035	545,000	33,300	578,300	1,955,000	494,806	2,449,806
2036	565,000	16,950	581,950	2,095,000	406,194	2,501,194
2037	-	-	-	2,290,000	310,832	2,600,832
2038	-	-	-	3,775,000	177,346	3,952,346
	<u>\$ 6,995,000</u>	<u>\$ 2,840,000</u>	<u>\$ 9,835,000</u>	<u>\$ 29,225,000</u>	<u>\$ 16,627,591</u>	<u>\$ 45,852,591</u>

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

# TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

## TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT

December 31, 2019

UNAUDITED

<u>Taxpayer Name</u>	<u>2019 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Nicholson-Wright Property Management	\$ 426,300	0.66%
Public Service Company of Colorado	396,760	0.60%
Private Homeowner #1	96,954	0.15%
Private Homeowner #2	95,345	0.15%
Private Homeowner #3	86,456	0.13%
Private Homeowner #4	85,142	0.13%
Private Homeowner #5	80,988	0.12%
Private Homeowner #6	80,716	0.12%
Private Homeowner #7	80,688	0.12%
Private Homeowner #8	79,687	0.12%
Total	<u>\$ 1,509,036</u>	<u>2.30%</u>

### NOTE

Assessed Valuations were obtained from the Arapahoe County website.

# TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

## ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

December 31, 2019

UNAUDITED

<u>Class</u>	<u>2019 Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Residential	\$ 64,626,053	98.34%
State Assessed	403,960	0.62%
Commercial	445,352	0.68%
Vacant land	233,950	0.36%
Total	<u>\$ 65,709,315</u>	<u>100.00%</u>

### NOTE

Percentage is based on a 2019 certified assessed valuation of \$65,709,315.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**

SELECTED DEBT RATIOS OF THE DISTRICT

December 31, 2019

UNAUDITED

Direct Debt (Dist bonds only)	\$	43,223,000
2019 Assessed Valuation	\$	65,709,315
Direct Debt to 2019 Assessed Valuation		65.78%
2019 Statutory Actual Value	\$	907,593,698
Direct Debt to 2019 Statutory Actual Value		4.76%



# TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

## 2019 MILL LEVY

December 31, 2019

UNAUDITED

Taxing Authority		2019 Levy
501	Cherry Creek School District	46.997
2998	Arapahoe County	11.685
2999	Developmental Disabilities	1.000
3001	Aurora - City	8.605
4131	Cherry Creek Basin	0.451
4702	Tallyn's Reach Metro #3	54.500
4712	Urban Drainage & Flood Control Dist	0.900
4713	Urban Drainage & Flood Control Dist-South Platte	0.097
		<u>124.235</u>

# TALLYN'S REACH METROPOLITAN DISTRICT NO. 3

## OVERLAPPING DEBT

December 31, 2019

UNAUDITED

	<b>2019</b>		<b>Attributable to the District</b>
	<b><u>assessed value</u></b>		<b><u>Percent</u></b>
City of Aurora	\$ 4,394,274,636	*	1.5000%
Cherry Creek School District	\$ 6,190,835,462		1.0600%
 Tallyn's Reach Metro District #3	 \$ 65,709,315		

	<b>GO Debt</b>		<b>GO Debt</b>
	<b><u>Outstanding</u></b>		<b><u>Attributable to District</u></b>
City of Aurora	\$ -	*	\$ -
Cherry Creek School District	610,545,000		<u>6,471,777</u>
 Overlapping debt			 <u><u>\$ 6,471,777</u></u>

	<b><u>12/31/19</u></b>	
Direct Debt (Dist bonds only)	\$ 43,223,000	
Overlapping debt	<u>6,471,777</u>	
 Direct debt & overlapping	 \$ 49,694,777	
 District Assessed value	 \$ 65,709,315	
Direct debt to assessed value	65.78%	
Direct debt plus overlapping to assessed value	75.63%	
 District "actual" value	 \$ 907,593,698	
Direct debt to "actual" value	4.76%	
Direct debt plus overlapping to "actual" value	5.48%	

\* = Most recent data available is as of 12/31/18.