

LETTER OF BUDGET TRANSMITTAL

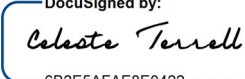
Date: January 31, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for TALLYN'S REACH METROPOLITAN DISTRICT NO. 2 in Arapahoe County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November, 15, 2022. If there are any questions on the budget, please contact:

Celeste Terrell, District Manager
CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
Telephone number: 303-779-5710
Celeste.Terrell@claconnect.com

I, Celeste Terrell, District Manager of the TALLYN'S REACH METROPOLITAN DISTRICT NO. 2 hereby certify that the attached is a true and correct copy of the 2023 budget.

By: 
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Celeste Terrell, District Manager

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

The Board of Directors of Tallyn’s Reach Metropolitan District No. 2 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a regular meeting, via teleconference and at 24900 E. Park Crescent Drive, Aurora, CO 80016 on November 15, 2022, at the hour of 5:30 p.m.

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

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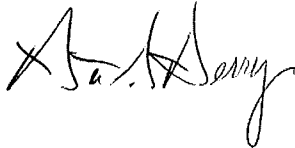
NOTICE AS TO PROPOSED 2023 BUDGET

SENTINEL
PROOF OF PUBLICATION

STATE OF COLORADO
COUNTY OF ARAPAHOE }ss.

I DAVID L. PERRY, do solemnly swear that I am the PUBLISHER of the SENTINEL; that the same is a weekly newspaper published in the County of Arapahoe, State of Colorado and has a general circulation therein; that said newspaper has been published continuously and uninterrupted in said County of Arapahoe for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 30, 1923, entitled "Legal Notices and Advertisements," or any amendments thereof, and that said newspaper is a weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado. That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said weekly newspaper for the period of 1 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated October 27 A.D. 2022 and that the last publication of said notice was in the issue of said newspaper dated October 27 A.D. 2022.

I witness whereof I have hereunto set my hand this 27th day of October A.D. 2022.



Subscribed and sworn to before me, a notary public in the County of Arapahoe, State of Colorado, this 27th day of October A.D. 2022.



Notary Public

Isabella Perry
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20194037562
MY COMMISSION EXPIRES 10/1/2023

NOTICE OF PUBLIC HEARING
ON THE AMENDED 2022 BUDGETS
AND NOTICE OF PUBLIC HEARING
ON THE PROPOSED 2023 BUDGETS

NOTICE IS HEREBY GIVEN that the Boards of Directors (collectively the "Boards") of the TALLYN'S REACH METROPOLITAN DISTRICT NOS. 2 AND 3 (collectively the "Districts"), will hold a meeting at the Tallyn's Reach Clubhouse, 24900 E Park Crescent Drive, Aurora, CO 80016 and via teleconference on Tuesday, November 15, 2022 at 5:30 p.m., for the purpose of conducting such business as may come before the Boards including a public hearing on the 2023 proposed budgets (the "Proposed Budgets"). The necessity may also arise for an amendment to the 2022 budgets (the "Amended Budgets"). This meeting can be joined using the following teleconference information: To attend via video conference, email cindy.jenkins@clacconnect.com to obtain a link to the video conference or go to the District's website at www.tallynsreachmetrodistrict.com and obtain the link from the Notice of Meeting & Agenda.

To attend via telephone, dial 1-720-547-5281 and enter Phone Conference ID: 453 305 863#

NOTICE IS FURTHER GIVEN that the Proposed Budgets and Amended Budgets (if applicable) have been submitted to the Districts. A copy of the Proposed Budgets and Amended Budgets are on file in the office of CliftonLarsonAllen LLP, 8390 E Crescent Pkwy #300, Greenwood Village, CO 80111, where the same are open for public inspection.

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

BY ORDER OF THE
BOARD OF DIRECTORS:
TALLYN'S REACH
METROPOLITAN DISTRICT NOS. 2 and
3, quasi-municipal corporations and political subdivisions of the State of Colorado
/s/ WHITE BEAR ANKELE TANAKA &
WALDRON
Attorneys at Law

Publication: October 27, 2022
Sentinel

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

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

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

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

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

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 10.500 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

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

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

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

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

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

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ADOPTED NOVEMBER 15, 2022.

DISTRICT:

TALLYN’S REACH METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

By: DocuSigned by:
B. Bell
5D0F27EA0668456...
Officer of the District

Attest:

By: DocuSigned by:
Brian K. Baisch
8D237B8EB967470...

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

DocuSigned by:
Blair M. Dickhoner
DBCBCF3D5CA84CA...
General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
TALLYN’S REACH METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 24900 E. Park Crescent Drive, Aurora, CO 80016 and via teleconference on November 15, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 30th day of January 2023.

DocuSigned by:
Brian K. Baisch
8D237B8EB967470...

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

TALLYNS REACH METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 104,776	\$ 135,129	\$ 20,041
REVENUES			
Property taxes	1,164,479	740,682	230,338
Specific ownership taxes	80,255	46,761	13,820
Interest income	518	2,500	1,000
Total revenues	<u>1,245,252</u>	<u>789,943</u>	<u>245,158</u>
TRANSFERS IN	<u>-</u>	<u>100,456</u>	<u>-</u>
Total funds available	<u>1,350,028</u>	<u>1,025,528</u>	<u>265,199</u>
EXPENDITURES			
General Fund	-	252,421	253,455
Debt Service Fund	1,214,899	652,610	-
Total expenditures	<u>1,214,899</u>	<u>905,031</u>	<u>253,455</u>
TRANSFERS OUT	<u>-</u>	<u>100,456</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,214,899</u>	<u>1,005,487</u>	<u>253,455</u>
ENDING FUND BALANCES	<u>\$ 135,129</u>	<u>\$ 20,041</u>	<u>\$ 11,744</u>
EMERGENCY RESERVE	\$ -	\$ 5,200	\$ 7,400
AVAILABLE FOR FUTURE DEBT SERVICE	9,266	-	-
AVAILABLE FOR OPERATIONS	125,863	-	-
TOTAL RESERVE	<u>\$ 135,129</u>	<u>\$ 5,200</u>	<u>\$ 7,400</u>

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

1/25/23

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION

Residential single-family	\$ 20,619,182	\$ 22,003,724	\$ 11,868,840
Residential multi-family	-	-	9,363,600
Commercial	112,392	104,266	97,343
Natural resources	273	273	273
State assessed	634,730	647,150	606,890
Certified Assessed Value	<u>\$ 21,366,577</u>	<u>\$ 22,755,413</u>	<u>\$ 21,936,946</u>

MILL LEVY

General	0.000	7.089	10.500
Debt Service	54.500	25.461	0.000
Total mill levy	<u>54.500</u>	<u>32.550</u>	<u>10.500</u>

PROPERTY TAXES

General	\$ -	\$ 161,313	\$ 230,338
Debt Service	1,164,478	579,376	-
Levied property taxes	1,164,478	740,689	230,338
Adjustments to actual/rounding	1	(7)	-
Budgeted property taxes	<u>\$ 1,164,479</u>	<u>\$ 740,682</u>	<u>\$ 230,338</u>

BUDGETED PROPERTY TAXES

General	\$ -	\$ 161,321	\$ 230,338
Debt Service	1,164,479	579,361	-
	<u>\$ 1,164,479</u>	<u>\$ 740,682</u>	<u>\$ 230,338</u>

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 20,041
REVENUES			
Property taxes	-	161,321	230,338
Specific ownership tax	-	10,185	13,820
Interest income	-	500	1,000
Total revenues	-	172,006	245,158
TRANSFERS IN			
Transfers from Debt Service Fund	-	100,456	-
Total funds available	-	272,462	265,199
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	2,421	3,455
Transfers to TRA	-	250,000	250,000
Total expenditures	-	252,421	253,455
Total expenditures requiring appropriation	-	252,421	253,455
ENDING FUND BALANCE	\$ -	\$ 20,041	\$ 11,744
EMERGENCY RESERVE	\$ -	\$ 5,200	\$ 7,400
TOTAL RESERVE	\$ -	\$ 5,200	\$ 7,400

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 104,776	\$ 135,129	\$ -
REVENUES			
Property taxes	1,164,479	579,361	-
Specific ownership tax	80,255	36,576	-
Interest income	518	2,000	-
Total revenues	<u>1,245,252</u>	<u>617,937</u>	<u>-</u>
Total funds available	<u>1,350,028</u>	<u>753,066</u>	<u>-</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	17,474	8,694	-
Transfers to District No. 1 & TRA	250,000	-	-
Paying agent fees	-	2,000	-
Debt Service			
Loan interest - 2012	35,871	13,916	-
Loan principal - 2012	905,000	565,000	-
Loan principal - 2012 prepayment	-	55,000	-
Yield maintenance fee	6,554	8,000	-
Total expenditures	<u>1,214,899</u>	<u>652,610</u>	<u>-</u>
TRANSFERS OUT			
Transfers to General Fund	<u>-</u>	<u>100,456</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,214,899</u>	<u>753,066</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 135,129</u>	<u>\$ -</u>	<u>\$ -</u>
AVAILABLE FOR FUTURE DEBT SERVICE	\$ 9,266	\$ -	\$ -
AVAILABLE FOR OPERATIONS	125,863	-	-
TOTAL RESERVE	<u>\$ 135,129</u>	<u>\$ -</u>	<u>\$ -</u>

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyn's Reach Metropolitan District No. 2 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. 3 ("District No. 3") 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. 3 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. 3 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.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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 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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6.00% of the property taxes collected.

Interest Income

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

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Intergovernmental expenditure

Property taxes generated from the 10.500 mills levied by the District for general operating expenses, net of fees, are expected to be transferred to the Authority in the amount of \$250,000 to fund the administrative expenses of the Authority and the District.

Debt and Leases

The District has no debt nor operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2022 as defined under TABOR.

This information is an integral part of the accompanying budget.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹
 of ARAPAHOE COUNTY, COLORADO.

On behalf of the TALLYN'S REACH METROPOLITAN DISTRICT NO. 2,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

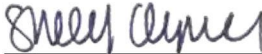
of the TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
 (local government)^C

Hereby officially certifies the following
 mills to be levied against the taxing entity's \$ 21,936,946
 GROSS assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed
 valuation (AV) different than the GROSS AV due to a
 Tax Increment Financing (TIF) Area^F the tax levies \$ 21,936,946
 must be calculated using the NET AV. The taxing
 entity's total property tax revenue will be derived (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
 from the mill levy multiplied against the NET
 assessed valuation of: **USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY
 ASSESSOR NO LATER THAN DECEMBER 10**

Submitted: 12/10/2022 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> ²	<u>REVENUE</u> ²
1. General Operating Expenses ^H	<u>10.500</u> mills	<u>\$ 230,338</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< <u> </u> > mills	\$ < <u> </u> >
SUBTOTAL FOR GENERAL OPERATING:	<u>10.500</u> mills	<u>\$ 230,338</u>
3. General Obligation Bonds and Interest ^J	<u> </u> mills	<u> </u>
4. Contractual Obligations ^K	<u> </u> mills	<u>\$</u>
5. Capital Expenditures ^L	<u> </u> mills	<u>\$</u>
6. Refunds/Abatements ^M	<u> </u> mills	<u>\$</u>
7. Other ^N (specify): <u> </u>	<u> </u> mills	<u>\$</u>
	<u> </u> mills	<u>\$</u>
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>10.500</u> mills	<u>\$ 230,338</u>

Contact person: Shelby Clymer Daytime phone: (303) 779-5710
 (print)
 Signed:  Title: Accountant for the District

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

2. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
 Title: _____
 Date: _____
 Principal Amount: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____