

TALLYN’S REACH METROPOLITAN DISTRICT NOS. 2 AND 3  
[www.TallynsReachMetroDistrict.com](http://www.TallynsReachMetroDistrict.com)

**NOTICE OF JOINT SPECIAL MEETING AND AGENDA**

**DATE:** July 18, 2023  
**TIME:** 6:00 p.m.  
**LOCATION:** Tallyn’s Reach Clubhouse  
 24900 E. Park Crescent Dr.  
 Aurora, CO 80016

AT LEAST ONE INDIVIDUAL, INCLUDING CERTAIN BOARD MEMBERS AND CONSULTANTS OF THE DISTRICTS WILL BE PHYSICALLY PRESENT AND WILL ATTEND THIS MEETING IN PERSON AT THE ABOVE-REFERENCED LOCATION. HOWEVER, CERTAIN OTHER BOARD MEMBERS AND CONSULTANTS OF THE DISTRICTS MAY ATTEND THIS MEETING VIA TELECONFERENCE, OR WEB-ENABLED VIDEO CONFERENCE. MEMBERS OF THE PUBLIC WHO WISH TO ATTEND THIS MEETING MAY CHOOSE TO ATTEND IN PERSON OR VIA TELECONFERENCE OR WEB-ENABLED VIDEO CONFERENCE USING THE INFORMATION BELOW.

**ACCESS:** You can attend the meeting in any of the following ways:

1. To attend via Microsoft Teams video-conference use the below link:

[https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_YWNiMDFiMDYtM2U1NC00OTkzLThkNzUtZDQ3OWMyMDQxMjk3%40thread.v2/0?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_YWNiMDFiMDYtM2U1NC00OTkzLThkNzUtZDQ3OWMyMDQxMjk3%40thread.v2/0?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d)

2. To attend via telephone, dial 1-720-547-5281 and enter the following additional information:

**Phone Conference ID: 637 579 415#**

<b>DISTRICT 2: Board of Directors</b>	<b>Office</b>	<b>Term Expires</b>
BJ Pell	President	May 2025
Bill Barcus	Vice Pres. / Treasurer	May 2025
Brian Baisch	Secretary	May 2025
Vacant	Assistant Secretary	May 2027
Vacant	Assistant Secretary	May 2027

<b>DISTRICT 3: Board of Directors</b>	<b>Office</b>	<b>Term Expires</b>
Mike Dell’Orfano	President	May 2025
Harry Yosten	Vice President / Treasurer	May 2025
David Patterson	Secretary	May 2027

Julie Huygen	Assistant Secretary	May 2027
Brian Crandall	Assistant Secretary	May 2025

Note: For ease and presentation, the Tallyn’s Reach Metropolitan District Nos. 2 and 3 (each a “District,” and collectively, the “Districts”) will be meeting at the same time and considering the agenda below. However, each Board of Directors of the Districts (“Board”) will consider agenda items separately and take separate actions. If an agenda item is to be considered by a single District, it will be so noted on the agenda.

**I. ADMINISTRATIVE MATTERS**

- A. Call to order and approval of agenda.
- B. Present disclosures of potential conflicts of interest.
- C. Confirm quorum, location of meeting and posting of meeting notices.
- D. Public comment.

*Members of the public may express their views to the Board on matters that affect the District that are not otherwise on the agenda. Comments will be limited to three (3) minutes per person. Comments will be taken in the order reflected on the sign in sheet.*

- E. **MD3:** Discuss and consider appointment of officers:

<u>Office</u>	
President	
Vice-President / Treasurer	
Secretary	
Assistant Secretary	
Assistant Secretary	
Secretary to the Board (non-elected)	

- F. **MD2 and MD3 Jointly:** Consider appointing representative to the Tallyn’s Reach Authority.

- G. **MD3:** Discuss and consider appointment of officers:

<u>Office</u>	
President	

Vice-President / Treasurer	
Secretary	
Assistant Secretary	
Assistant Secretary	
Secretary to the Board (non-elected)	

H. **MD3:** Consider appointing representative to the Tallyn’s Reach Authority.

## II. CONSENT AGENDA

*The items listed below are a group of items to be acted on with a single motion and vote by the Board. An item may be removed from the consent agenda to the regular agenda, if desired. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board.*

A. Ratify approval of Minutes from the January 31, 2023 Special Joint Meeting (enclosure).

## III. FINANCIAL MATTERS

A. **MD2:** Review and consider approval of unaudited financial statements as of May 31, 2023, and schedule of cash position updated as of July 11, 2023 (enclosure).

B. **MD3:** Review and consider approval of unaudited financial statements as of May 31, 2023, and schedule of cash position updated as of July 11, 2023 (enclosure).

C. **MD2:** Review and consider accepting 2022 Draft Audit, authorize execution of Representations Letter, and authorize its submittal (enclosure).

D. **MD3:** Review and consider accepting 2022 Draft Audit, authorize execution of Representations Letter, and authorize its submittal (enclosure).

## IV. OTHER MATTERS

A. Confirm quorum for next regular Board meeting – November 21, 2023 at 5:30 p.m.

## V. ADJOURNMENT

**The next regular meeting is scheduled for November 21, 2023 at 5:30 p.m.**

## RECORD OF PROCEEDINGS

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MINUTES OF A JOINT SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
TALLYN’S REACH AUTHORITY AND TALLYNS REACH  
METROPOLITAN DISTRICT NOS. 2 AND 3  
HELD  
JANUARY 31, 2023

A joint special meeting of the Boards of Directors of the Tallyn’s Reach Authority and the Tallyn’s Reach Metropolitan District Nos. 2 and 3 (referred to hereafter as the “Board” and/or “Boards”) was convened on Tuesday, January 31, 2023, at 5:00 p.m. This joint meeting was held virtually via Microsoft Teams. The meeting was open to the public.

### ATTENDANCE

#### **Directors in Attendance for the Authority:**

David Patterson, President  
BJ Pell, Vice-President/Assistant Secretary  
Harry Yosten, Treasurer  
Mike Dell’Orfano, Assistant Secretary  
Brian Crandall, Assistant Secretary

#### **Directors in Attendance for MD 2:**

BJ Pell, President  
William Barcus, Vice President/Treasurer  
Brian Baisch, Secretary

#### **Directors in Attendance for MD 3:**

Mike Dell’Orfano, President  
Harry Yosten, Vice President/Treasurer  
David Patterson, Secretary  
Julie Huygen, Assistant Secretary  
Brian Crandall, Assistant Secretary

#### **Also in Attendance Were:**

Blair Dickhoner, Esq.; White Bear Ankele Tanaka & Waldron (“WBA”)  
Celeste Terrell and Nic Carlson; CliftonLarsonAllen LLP (“CLA”)

### ADMINISTRATIVE MATTERS

**Call to Order:** Director Patterson called the meeting to order at 5:01 p.m.

**Agenda:** Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Boards approved the Agenda.

**Disclosures of Potential Conflicts of Interest:** Attorney Dickhoner advised the Boards that, pursuant to Colorado law, certain disclosures

## RECORD OF PROCEEDINGS

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might be required prior to taking official action at the meeting. Attorney Dickhoner reported that disclosures for those directors that provided WBA with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Attorney Dickhoner inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain quorums or to otherwise enable the Boards to act.

**Quorum:** A quorum was confirmed for each Board for the meeting, the meeting location and posting of meeting notice.

**Public Comment:** None.

### CONSENT AGENDA

Ms. Terrell reviewed the Consent Agenda with the Boards and noted that any item may be removed from the Consent Agenda to the regular Agenda upon the request of any Director. Upon a motion duly made and seconded, upon vote, unanimously carried, the following items on the Consent Agenda were approved, ratified and/or adopted, as appropriate.

- A. **Authority, MDs 2 & 3:** Approval of Minutes of November 15, 2022 Joint Regular Meeting.
- B. **Authority:** Approval of Minutes of the Regular Meeting on November 15, 2022 and Minutes of the Special Meeting on November 29, 2022.

### FINANCIAL MATTERS

None.

### LEGAL MATTERS

**Engagement of Legal Firm for Unpaid Fee Collection Services:** Attorney Dickhoner reviewed the proposals submitted by Altitude Community Law P.C., IDEA Law Group, LLC (for foreclosure only), Orten Cavanagh Holmes & Hunt, LLC, and Winzenburg Leff Purvis & Payne, LLP, with the Boards.

Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Authority Board approved to engage Orten Cavanagh Holmes & Hunt, LLC for unpaid fee collection and foreclosure services and terminate the prior engagement of IDEA Law Group, LLC for foreclosure services.

## RECORD OF PROCEEDINGS

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**Cherry Creek School District (“CCSD”) and City of Aurora Property Maintenance Discussions:** Attorney Dickhoner provided an update and noted that a memo is expected from the City on February 9<sup>th</sup>. He also noted that an agreement with CCSD has been drafted but has not yet been executed.

### MANAGER MATTERS

**Potential Appointment of a Local Governmental Designee (liaison) to the Colorado Oil & Gas Conservation Commission (“COGCC”:** Attorney Dickhoner explained designees and liaisons to the Boards. Following a lengthy discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Authority Board appointed Julie Huygen (Board Member of Tallyn’s Reach Metropolitan District No. 3) as Authority Liaison to the COGCC, and directed Attorney Dickhoner to prepare an accompanying resolution.

### OTHER MATTERS

**Snow Removal on 25 Private Streets:** Following discussion, the Authority Board directed CLA staff to approve snow removal on the private streets at their own discretion, and to track spending and update the Authority Board.

**MDs 2 & 3 Next Meeting:** The Boards confirmed an anticipated quorum for the next regular Board meeting scheduled for November 21, 2023 at 5:30 p.m.

**Authority Next Meeting:** The Board discussed the next regular Board meeting scheduled for March 21, 2023 at 6:00 p.m. and determined to move it to Tuesday, March 14, 2023 at 6:00 p.m.

### ADJOURNMENT

There being no further business to come before the Boards, the Boards adjourned the meeting at 6:21 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

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Secretary for the Meeting – Tallyn’s Reach Authority

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Secretary for the Meeting – Tallyn’s Reach MD 2

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Secretary for the Meeting – Tallyn’s Reach MD 3

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 2**  
**FINANCIAL STATEMENTS**  
**PERIODS ENDED MAY 31, 2023**

**Tallyn's Reach Metro District No. 2  
Balance Sheet - Governmental Funds  
May 31, 2023**

	<b>General</b>	<b>Total</b>
Assets		
PNC Bank	\$ 204,574.95	\$ 204,574.95
Colotrust	532.25	532.25
Receivable from County Treasurer	14,955.85	14,955.85
Total Assets	\$ 220,063.05	\$ 220,063.05
 Fund Balances	 220,063.05	 220,063.05
 Liabilities and Fund Balances	 \$ 220,063.05	 \$ 220,063.05

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.



**Tallyn's Reach Metro District No. 2**  
**General Fund Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 230,338.00	\$ 184,101.35	\$ 46,236.65
Specific ownership taxes	13,820.00	6,334.03	7,485.97
Interest income	1,000.00	861.56	138.44
Total Revenue	<u>245,158.00</u>	<u>191,296.94</u>	<u>53,861.06</u>
Expenditures			
County Treasurer's fee	3,455.00	2,761.71	693.29
Transfers to TRA	250,000.00	-	250,000.00
Total Expenditures	<u>253,455.00</u>	<u>2,761.71</u>	<u>250,693.29</u>
Net Change in Fund Balances	(8,297.00)	188,535.23	(196,832.23)
Fund Balance - Beginning	20,041.00	31,527.82	(11,486.82)
Fund Balance - Ending	<u>\$ 11,744.00</u>	<u>\$ 220,063.05</u>	<u>\$ (208,319.05)</u>

## **Supplementary Information**

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2**  
**Schedule of Cash Position**  
**As of May 31, 2023**  
**Updated as of July 11, 2023**

	<u>General Fund</u>	<u>Total</u>
<b><u>PNC Bank</u></b>		
Balance as of 05/31/23	\$ 204,574.95	\$ 204,574.95
Subsequent activities:		
06/10/23 - Property/SO tax	14,955.85	14,955.85
07/10/23 - Property/SO tax	44,997.94	44,997.94
<i>Anticipated Transfer to ColoTrust</i>	(264,528.74)	(264,528.74)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b><u>ColoTrust</u></b>		
Balance as of 05/31/23	\$ 532.25	\$ 532.25
Subsequent activities:		
<i>Anticipated Transfer from PNC</i>	264,528.74	264,528.74
<i>Anticipated Transfer to TRA</i>	(250,000.00)	(250,000.00)
<b><i>Anticipated Balance</i></b>	<b><u>\$ 15,060.99</u></b>	<b><u>\$ 15,060.99</u></b>
<b><i>Total Anticipated Balances</i></b>	<b><u>\$ 15,060.99</u></b>	<b><u>\$ 15,060.99</u></b>

**Yield Information as of 05/31/23:**

Colotruster Plus - 5.1483%  
PNC Bank - 2.66%

**TALLYNS REACH METROPOLITAN DISTRICT No. 2  
Property Taxes Reconciliation  
2023**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 190.94	\$ -	\$ 1,161.23	\$ -	\$ (2.86)	\$ 1,349.31	0.08%	0.08%	\$ 5,746.63	0.29%	0.29%
February	52,982.93	-	1,176.05	-	(794.74)	53,364.24	23.00%	23.09%	168,501.93	22.52%	22.80%
March	4,942.91	-	1,476.12	-	(74.14)	6,344.89	2.15%	25.23%	18,673.17	1.99%	24.79%
April	112,169.38	-	1,185.70	-	(1,682.54)	111,672.54	48.70%	73.93%	362,637.25	49.21%	74.00%
May	13,815.19	-	1,334.93	13.16	(207.43)	14,955.85	6.00%	79.93%	40,526.98	5.08%	79.08%
June	-	-	-	-	-	-	0.00%	79.93%	148,096.79	19.79%	98.87%
July	-	-	-	-	-	-	0.00%	79.93%	10,409.64	0.90%	99.77%
August	-	-	-	-	-	-	0.00%	79.93%	4,765.16	0.00%	99.77%
September	-	-	-	-	-	-	0.00%	79.93%	5,725.24	0.22%	100.00%
October	-	-	-	-	-	-	0.00%	79.93%	3,829.32	0.00%	100.00%
November	-	-	-	-	-	-	0.00%	79.93%	4,271.63	0.00%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	79.93%	3,453.40	0.00%	100.00%
	<b>\$ 184,101.35</b>	<b>\$ -</b>	<b>\$ 6,334.03</b>	<b>\$ 13.16</b>	<b>\$ (2,761.71)</b>	<b>\$ 187,686.83</b>	<b>79.93%</b>	<b>79.93%</b>	<b>\$ 776,637.14</b>	<b>100.00%</b>	<b>100.00%</b>

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
<b>Property Tax</b>				
General Fund	\$ 230,338.00	100.00%	\$ 184,101.35	79.93%
	<u>\$ 230,338.00</u>	<u>100.00%</u>	<u>\$ 184,101.35</u>	<u>79.93%</u>
<b>Specific Ownership Tax</b>				
General Fund	\$ 13,820.00	100.00%	\$ 6,334.03	45.83%
	<u>\$ 13,820.00</u>	<u>100.00%</u>	<u>\$ 6,334.03</u>	<u>45.83%</u>
<b>Treasurer's Fees</b>				
General Fund	\$ 3,455.00	100.00%	\$ 2,761.71	79.93%
	<u>\$ 3,455.00</u>	<u>100.00%</u>	<u>\$ 2,761.71</u>	<u>79.93%</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

**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.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**  
**FINANCIAL STATEMENTS**  
**PERIODS ENDED MAY 31, 2023**

**Tallyn's Reach Metro District No. 3**  
**Balance Sheet - Governmental Funds**  
**May 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>			
PNC Bank - Series 2020A & 2020B	\$ -	\$ 300,133.94	\$ 300,133.94
PNC Bank - Series 2021A-1	-	75,926.15	75,926.15
PNC Bank - Series 2021A-2	-	96,826.99	96,826.99
CSAFE	-	41.30	41.30
Colotrust	153,621.84	1,709,560.11	1,863,181.95
Colotrust - 2019 Bonds	-	2.31	2.31
Receivable from County Treasurer	20,627.21	226,998.42	247,625.63
<b>Total Assets</b>	<u>\$ 174,249.05</u>	<u>\$ 2,409,489.22</u>	<u>\$ 2,583,738.27</u>
<b>Liabilities</b>			
Accounts Payable	-	-	-
Due to Other Districts	-	700.00	700.00
<b>Total Liabilities</b>	<u>-</u>	<u>700.00</u>	<u>700.00</u>
<b>Fund Balances</b>	<u>174,249.05</u>	<u>2,408,789.22</u>	<u>2,583,038.27</u>
<b>Liabilities and Fund Balances</b>	<u>\$ 174,249.05</u>	<u>\$ 2,409,489.22</u>	<u>\$ 2,583,738.27</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.



**Tallyn's Reach Metro District No. 3**  
**General Fund Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 250,592.00	\$ 155,231.52	\$ 95,360.48
Specific ownership taxes	15,036.00	6,926.89	8,109.11
Interest income	500.00	1,384.47	(884.47)
Total Revenue	<u>266,128.00</u>	<u>163,542.88</u>	<u>102,585.12</u>
Expenditures			
County Treasurer's fee	3,759.00	2,329.33	1,429.67
Transfer to Tallyn's Reach Authority	250,000.00	-	250,000.00
Total Expenditures	<u>253,759.00</u>	<u>2,329.33</u>	<u>251,429.67</u>
Net Change in Fund Balances	12,369.00	161,213.55	(148,844.55)
Fund Balance - Beginning	13,051.00	13,035.50	15.50
Fund Balance - Ending	<u>\$ 25,420.00</u>	<u>\$ 174,249.05</u>	<u>\$ (148,829.05)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

## **Supplementary Information**

**Tallyn's Reach Metro District No. 3**  
**Debt Service Fund Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 2,756,512.00	\$ 1,708,292.04	\$ 1,048,219.96
Specific ownership taxes	165,391.00	76,228.99	89,162.01
Interest income	10,000.00	30,919.80	(20,919.80)
Total Revenue	<u>2,931,903.00</u>	<u>1,815,440.83</u>	<u>1,116,462.17</u>
Expenditures			
County Treasurer's fee	41,348.00	25,633.69	15,714.31
Paying agent fees	300.00	-	300.00
Bond interest - Series 2019	251,700.00	125,850.00	125,850.00
Bond Principal - Series 2019	325,000.00	-	325,000.00
Bond Principal - Series 2021A-1	425,000.00	-	425,000.00
Bond Principal - Series 2021A-2	330,000.00	-	330,000.00
Loan Principal - 2020A	545,000.00	-	545,000.00
Loan Principal - 2020B	336,000.00	-	336,000.00
Loan interest - 2020A	141,086.00	-	141,086.00
Loan interest - 2020B	458,593.00	-	458,593.00
Bond interest - Series 2021A-1	151,659.00	-	151,659.00
Bond interest - Series 2021A-2	193,318.00	-	193,318.00
Contingency	10,996.00	-	10,996.00
Total Expenditures	<u>3,210,000.00</u>	<u>151,483.69</u>	<u>3,058,516.31</u>
Net Change in Fund Balances	(278,097.00)	1,663,957.14	(1,942,054.14)
Fund Balance - Beginning	721,673.00	744,832.08	935,193.92
Fund Balance - Ending	<u>\$ 443,576.00</u>	<u>\$ 2,408,789.22</u>	<u>\$ (1,006,860.22)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3**  
**Schedule of Cash Position**  
**As of May 31, 2023**  
**Updated as of July 11, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b><u>ColoTrust</u></b>			
Balance as of 05/31/23	\$ 153,621.84	\$ 1,709,560.11	\$ 1,863,181.95
Subsequent activities:			
06/10/23 - Property/SO tax	20,627.21	226,998.42	247,625.63
06/31/23 - Interest income	725.48	8,073.36	8,798.84
07/10/23 - Property/SO tax	92,568.59	1,018,699.01	1,111,267.60
<i>Anticipated Transfer to TRA</i>	<i>(250,700.00)</i>	<i>-</i>	<i>(250,700.00)</i>
<b><i>Anticipated Balance</i></b>	<b><u>\$ 16,843.12</u></b>	<b><u>\$ 2,963,330.90</u></b>	<b><u>\$ 2,980,174.02</u></b>
<b><u>ColoTrust - 8002 (2019 Bonds)</u></b>			
Balance as of 05/31/23	\$ -	\$ 2.31	\$ 2.31
Subsequent activities: None			
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 2.31</u></b>	<b><u>\$ 2.31</u></b>
<b><u>CSAFE</u></b>			
Balance as of 05/31/23	\$ -	\$ 41.30	\$ 41.30
Subsequent activities: None			
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 41.30</u></b>	<b><u>\$ 41.30</u></b>
<b><u>PNC - Series 2020A &amp; 2020B</u></b>			
Balance as of 05/31/23	\$ -	\$ 300,133.94	\$ 300,133.94
Subsequent activities:			
06/01/23 - 2020A Bond Payment	-	(70,543.00)	(70,543.00)
06/01/23 - 2020B Bond Payment	-	(229,296.40)	(229,296.40)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 294.54</u></b>	<b><u>\$ 294.54</u></b>
<b><u>PNC - Series 2021A-1</u></b>			
Balance as of 05/31/23	\$ -	\$ 75,926.15	\$ 75,926.15
Subsequent activities:			
06/01/23 - 2021 A-1 Bond Payment	-	(75,829.50)	(75,829.50)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 96.65</u></b>	<b><u>\$ 96.65</u></b>
<b><u>PNC - Series 2021A-2</u></b>			
Balance as of 05/31/23	\$ -	\$ 96,826.99	\$ 96,826.99
Subsequent activities:			
06/01/23 - 2021 A-2 Bond Payment	-	(96,725.00)	(96,725.00)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 101.99</u></b>	<b><u>\$ 101.99</u></b>
<b><i>Total Anticipated Balances</i></b>	<b><u>\$ 16,843.12</u></b>	<b><u>\$ 2,963,867.69</u></b>	<b><u>\$ 2,980,710.81</u></b>

**Yield Information as of 06/30/23:**

Colotrust Plus - 5.2246%

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
Property Taxes Reconciliation  
2023**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 13,636.54	\$ -	\$ 15,160.06	\$ -	\$ (204.55)	\$ 28,592.05	0.45%	0.45%	\$ 46,219.41	1.07%	1.07%
February	1,320,619.05	-	15,353.51	-	(19,809.29)	1,316,163.27	43.92%	44.37%	1,289,388.34	43.38%	44.45%
March	102,386.28	-	19,271.04	27.37	(1,536.20)	120,148.49	3.40%	47.77%	121,556.85	3.57%	48.02%
April	193,364.68	-	15,943.58	-	(2,907.43)	206,400.83	6.43%	54.21%	201,946.50	6.37%	54.39%
May	233,517.01	-	17,427.69	186.48	(3,505.55)	247,625.63	7.77%	61.97%	196,220.78	6.21%	60.60%
June	-	-	-	-	-	-	0.00%	61.97%	1,152,647.15	38.78%	99.38%
July	-	-	-	-	-	-	0.00%	61.97%	23,015.70	0.28%	99.66%
August	-	-	-	-	-	-	0.00%	61.97%	22,606.66	0.11%	99.78%
September	-	-	-	-	-	-	0.00%	61.97%	18,014.88	0.06%	99.84%
October	-	-	-	-	-	-	0.00%	61.97%	15,397.17	0.00%	99.84%
November	-	-	-	-	-	-	0.00%	61.97%	22,158.09	0.16%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	61.97%	13,885.66	0.00%	100.00%
	<b>\$ 1,863,523.56</b>	<b>\$ -</b>	<b>\$ 83,155.88</b>	<b>\$ 213.85</b>	<b>\$ (27,963.02)</b>	<b>\$ 1,918,930.27</b>	<b>61.97%</b>	<b>61.97%</b>	<b>\$ 3,123,057.19</b>	<b>100.00%</b>	<b>100.00%</b>

Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
General Fund	\$ 250,592.00	8.33%	\$ 155,231.52	61.97%
Debt Service Fund	2,756,512.00	91.67%	1,708,292.04	61.97%
	<b>\$ 3,007,104.00</b>	<b>100.00%</b>	<b>\$ 1,863,523.56</b>	<b>61.97%</b>

**Property Tax**

General Fund  
Debt Service Fund

**Specific Ownership Tax**

General Fund  
Debt Service Fund

**Treasurer's Fees**

General Fund  
Debt Service Fund

General Fund	\$ 15,036.00	8.33%	\$ 6,926.89	46.09%
Debt Service Fund	165,391.00	91.67%	76,228.99	46.09%
	<b>\$ 180,427.00</b>	<b>100.00%</b>	<b>\$ 83,155.88</b>	<b>46.09%</b>
General Fund	\$ 3,759.00	8.33%	\$ 2,329.33	61.99%
Debt Service Fund	41,348.00	91.67%	25,633.69	61.99%
	<b>\$ 45,107.00</b>	<b>100.00%</b>	<b>\$ 27,963.02</b>	<b>61.99%</b>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Tallyn's Reach Metropolitan District No. 3 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.

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.

The calculation of property taxes is reflected on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues** (continued)

**Property Taxes (continued)**

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%.

**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% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds have been estimated at historical interest rates 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 3.750 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 Service**

Amounts budgeted for debt service are based on the amortization schedule for the 2021A-1, 2021A-2, 2020A, and 2020B Loans and 2019 Bond, which are attached.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**\$6,220,000 Tax-Exempt Refunding Loan - 2021A-1**

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-1 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$6,220,000. The 2021A-1 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.



**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**\$8,020,000 Tax-Exempt Refunding Loan - 2021A-2**

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-2 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$8,020,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**\$7,645,000 Tax-Exempt Refunding Loan - 2020A**

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020A Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$7,645,000. The 2020A Tax-Exempt Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District’s previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.12% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**\$16,030,000 Taxable Refunding Loan - 2020B**

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020B Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District’s previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020B Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**\$7,255,000 General Obligation Refunding Bonds - 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 2.00% and 5.00% with yields ranging between 1.70% and 3.12%. 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 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 Pledged Revenue for the repayment of all debt is a debt service mill levy fixed at 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

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.

The District has no operating or capital leases.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$6,220,000 Tax-Exempt Refunding Loan 2021A-1  
Dated May 12, 2021  
Principal due December 1  
Interest Rate 2.74% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 425,000	\$ 151,659	\$ 576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
	<u>\$ 5,535,000</u>	<u>\$ 1,238,343</u>	<u>\$ 6,773,343</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,020,000 Tax-Exempt Refunding Loan 2021A-2  
Dated May 12, 2021  
Principal due December 1  
Interest Rate 2.65% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 330,000	\$ 193,318	\$ 523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	575,000	15,238	590,238
	<u>\$ 7,295,000</u>	<u>\$ 1,405,030</u>	<u>\$ 8,700,030</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,645,000 Tax-Exempt Refunding Loan 2020A  
Dated November 20, 2020  
Principal due December 1  
Interest Rate 2.12% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 545,000	\$ 141,086	\$ 686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
	<u>\$ 6,655,000</u>	<u>\$ 874,860</u>	<u>\$ 7,529,860</u>

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$16,030,000 Taxable Refunding Loan 2020B  
Dated November 20, 2020  
Principal due December 1  
Interest Rate 2.34% - 2.96% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 336,000	\$ 458,593	\$ 794,593
2024	456,000	448,647	904,647
2025	468,000	435,150	903,150
2026	523,000	421,297	944,297
2027	521,000	405,816	926,816
2028	584,000	390,394	974,394
2029	591,000	373,108	964,108
2030	662,000	355,614	1,017,614
2031	673,000	336,019	1,009,019
2032	730,000	316,098	1,046,098
2033	757,000	294,490	1,051,490
2034	1,495,000	272,083	1,767,083
2035	1,531,000	227,831	1,758,831
2036	1,609,000	182,514	1,791,514
2037	2,229,000	134,887	2,363,887
2038	2,328,000	68,909	2,396,909
	<u>\$ 15,493,000</u>	<u>\$ 5,121,450</u>	<u>\$ 20,614,450</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,255,000 General Refunding Loan 2019  
Dated June 5, 2019  
Principal due December 1  
Interest Rate 2.00% - 5.00% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 325,000	\$ 251,700	\$ 576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
	<u>\$ 6,110,000</u>	<u>\$ 1,994,900</u>	<u>\$ 8,104,900</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.



**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Year Ended</u>	<b>Grand Totals</b>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 1,961,000	\$ 1,196,356	\$ 3,157,356
2024	2,149,000	1,138,216	3,287,216
2025	2,269,000	1,074,277	3,343,277
2026	2,395,000	1,017,709	3,412,709
2027	2,459,000	950,489	3,409,489
2028	2,587,000	881,511	3,468,511
2029	2,666,000	807,412	3,473,412
2030	2,777,000	728,203	3,505,203
2031	2,617,000	645,344	3,262,344
2032	2,753,000	566,169	3,319,169
2033	2,833,000	482,830	3,315,830
2034	2,980,000	396,708	3,376,708
2035	3,056,000	310,893	3,366,893
2036	2,599,000	222,891	2,821,891
2037	2,659,000	146,669	2,805,669
2038	2,328,000	68,909	2,396,909
	<u>\$ 41,088,000</u>	<u>\$ 10,634,583</u>	<u>\$ 51,722,583</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METRO DISTRICT NO. 2  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**TALLYNS REACH METRO DISTRICT NO. 2  
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YEAR ENDED DECEMBER 31, 2022**

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**INSERT INDEPENDENT AUDITOR'S REPORT**

(1)

## **BASIC FINANCIAL STATEMENTS**

**TALLYNS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 22,775
Cash and Investments - Restricted	5,300
Receivable - County Treasurer	3,453
Property Taxes Receivable	230,338
Deferred Charges and Other Assets	-
Total Assets	261,866
<b>LIABILITIES</b>	
Total Liabilities	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	230,338
Total Deferred Inflows of Resources	230,338
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	5,300
Unrestricted	26,228
Total Net Position	\$ 31,528

See accompanying Notes to Basic Financial Statements.

(1)

**TALLYNS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:	\$ 261,114	\$ -	\$ -	\$ -	\$ (261,114)
Interest and Related Costs on Long-Term Debt	43,516	-	-	-	(43,516)
Total Governmental Activities	\$ 43,516	\$ -	\$ -	\$ -	(304,630)
<b>GENERAL REVENUES</b>					
Property Taxes					740,681
Specific Ownership Taxes					46,762
Net Investment Income					3,101
Total General Revenues					790,544
<b>CHANGE IN NET POSITION</b>					485,914
Net Position - Beginning of Year					(454,386)
<b>NET POSITION - END OF YEAR</b>					\$ 31,528

See accompanying Notes to Basic Financial Statements.

(2)

**TALLYNS REACH METRO DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 22,775	\$ -	\$ 22,775
Cash and Investments - Restricted	5,300	-	5,300
Receivable - County Treasurer	752	2,701	3,453
Due From Other Funds	2,701	-	2,701
Property Taxes Receivable	230,338	-	230,338
Total Assets	\$ 261,866	\$ 2,701	\$ 264,567
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due To Other Funds	\$ -	\$ 2,701	\$ 2,701
Total Liabilities	-	2,701	\$ 2,701
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	230,338	-	230,338
Total Deferred Inflows of Resources	230,338	-	230,338
<b>FUND BALANCES</b>			
Restricted For:			
Emergency Reserve	5,300	-	5,300
Assigned:			
Subsequent Year's Expenditures	8,297	-	8,297
Unassigned	17,931	-	17,931
Total Fund Balances	31,528	-	31,528
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 261,866	\$ 2,701	
Net Position of Governmental Activities			\$ 31,528

See accompanying Notes to Basic Financial Statements.

(3)



**TALLYS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 161,320	\$ 579,361	\$ 740,681
Specific Ownership Taxes	10,185	36,577	46,762
Net Investment Income	2,859	242	3,101
Total Revenues	<u>174,364</u>	<u>616,180</u>	<u>790,544</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,420	8,694	11,114
Transfers to TRA	250,000	-	250,000
Loan Principal - Series 2012	-	620,000	620,000
Loan Interest - Series 2012	-	13,031	13,031
Total Expenditures	<u>252,420</u>	<u>641,725</u>	<u>894,145</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(78,056)	(25,545)	(103,601)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In / (Out)	109,584	(109,584)	-
Total Other Financing Sources (Uses)	<u>109,584</u>	<u>(109,584)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	31,528	(135,129)	(103,601)
Fund Balance - Beginning of Year	<u>-</u>	<u>135,129</u>	<u>135,129</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 31,528</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,528</u></u>

See accompanying Notes to Basic Financial Statements.

(4)

**TALLYNS REACH METRO DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (103,601)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides 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 similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond Principal, Current Year	620,000
Amortization of Cost of Refunding	(31,684)
Change in Accrued Interest Payable	1,199
Change in Net Position of Governmental Activities	\$ 485,914

See accompanying Notes to Basic Financial Statements.

(5)

**TALLYNS REACH METRO DISTRICT NO. 2  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 161,313	\$ 161,320	\$ 7
Specific Ownership Taxes	11,292	10,185	(1,107)
Net Investment Income	-	2,859	2,859
Total Revenues	<u>172,605</u>	<u>174,364</u>	<u>1,759</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,420	2,420	-
Transfers to TRA	250,000	250,000	-
Total Expenditures	<u>252,420</u>	<u>252,420</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(79,815)	(78,056)	1,759
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	100,022	109,584	9,562
Total Other Financing Sources	<u>100,022</u>	<u>109,584</u>	<u>9,562</u>
<b>NET CHANGE IN FUND BALANCE</b>	20,207	31,528	11,321
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 20,207</u>	<u>\$ 31,528</u>	<u>\$ 11,321</u>

See accompanying Notes to Basic Financial Statements.

(6)

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Tallyns Reach Metro District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, 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 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 has no employees, and all operations and administrative functions are contracted.

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the governmental funds. 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.

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 major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

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 (beginning in 2022) accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds. This is a presentation change from prior years for the District where all related activity was reflected in the General Fund.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, 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 and other financing uses 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 account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

**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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**Deferred Inflows of Resources**

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 position 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.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 22,775
Cash and Investments - Restricted	5,300
Total Cash and Investments	<u>\$ 28,075</u>

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 27,553
Investments	<u>522</u>
Total Cash and Investments	<u><u>\$ 28,075</u></u>

**Deposits with Financial Institutions**

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 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 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, 2022, the District's cash deposits had a bank and carrying balance of \$27,553.

**Investments**

The District has adopted a formal investment policy which is consistent with state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.



**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 522
Total		<u>\$ 522</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
General Obligation Loans Payable:					
2012 Loan	\$ 620,000	\$ -	\$ 620,000	\$ -	\$ -
Total Loans Payable	<u>\$ 620,000</u>	<u>\$ -</u>	<u>\$ 620,000</u>	<u>\$ -</u>	<u>\$ -</u>

**\$5,905,000 General Obligation Refunding Loan – 2012**

\$5,905,000 General Obligation Refunding Loan, Series 2012, dated August 6, 2012, with a maturity date of December 1, 2023 and a fixed interest rate of 2.32%, consisting of interest due on June 1 and December 1 calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2012 Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2012 Loan to the date of such prepayment; (c) a Prepayment Penalty, if any, equal to 3% of the outstanding principal, and (d) a Yield Maintenance Fee, if any.

The Pledged Revenue for the repayment of the 2012 Loan is a debt service mill levy fixed at 48.96 mills (which can be adjusted to account for changes in law) and specific ownership taxes. The 2012 Loan requires that a Loan Payment Fund be credited an amount of Pledged Revenue each loan year which is equal to the loan requirements for the then current year. The 2012 Loan is secured by collateral made up of (a) the Pledged Revenue, (b) all amounts on deposit in the Loan Payment Fund; and (c) all monies of the District legally available.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$473,108 which Was been deferred and WAS amortized over the life of the new debt.

In 2022, using current available funds, the District paid the remaining principal balance on the 2012 General Obligation Refunding Loan.

**Authorized Debt**

As of December 31, 2022, the District had no remaining voted debt authorization.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets 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 a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 5,300
Total Restricted Net Position	<u>\$ 5,300</u>

**NOTE 6 AGREEMENTS**

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

On August 24, 1999, and as amended and/or restated during 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. 3. The agreement establishes development fees, transfer fees and monthly operations fees to be imposed on all residents of the Districts.

On December 3, 2013, the District approved an Amended and Restated Joint Resolution Regarding the Imposition of District Fees along with District No. 1 and District No. 3 which further clarified the District fees and established a schedule of fees for 2015 which is adjusted on an annual basis.

**Tallyn's Reach Authority Establishment Agreement**

On February 12, 2018, the District and 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.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

The District is 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 (the 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 property 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 8 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.

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 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.

**SUPPLEMENTARY INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 2**  
**DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL**  
**DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 579,376	\$ 579,361	\$ (15)
Specific Ownership Taxes	40,556	36,577	(3,979)
Net Investment Income	1,000	242	(758)
Total Revenues	<u>620,932</u>	<u>616,180</u>	<u>(4,752)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	8,691	8,694	(3)
Loan Interest - Series 2012	14,384	13,031	1,353
Loan Principal - Series 2012	620,000	620,000	-
Total Expenditures	<u>653,075</u>	<u>641,725</u>	<u>11,350</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(32,143)	(25,545)	6,598
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	<u>(100,022)</u>	<u>(109,584)</u>	<u>(9,562)</u>
Total Other Financing Sources	<u>(100,022)</u>	<u>(109,584)</u>	<u>(9,562)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(132,165)	(135,129)	(2,964)
Fund Balance - Beginning of Year	<u>132,165</u>	<u>135,129</u>	<u>2,964</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**OTHER INFORMATION**

**TALLYS REACH METRO DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Percent Increase (Decrease)	Total District Mill Levy	Total Property Taxes		Percent Collected to Levied
				Levied	Collected	
2018	\$ 17,322,969	4.41%	54.128	\$ 937,658	\$ 937,658	100.00 %
2019	17,330,720	0.04	54.128	938,077	938,077	100.00
2020	20,959,797	20.94	54.500	1,142,309	1,141,928	99.97
2021	21,366,577	1.94	54.500	1,164,478	1,164,479	100.00
2022	22,755,413	6.50	32.500	740,689	740,681	100.00
Estimate for Calendar Year Ending December 31, 2023	\$ 21,936,946	(3.60)	10.500	\$ 230,338		

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.



**TALLYNS REACH METRO DISTRICT NO. 3  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**TALLYNS REACH METRO DISTRICT NO. 3  
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**INSERT INDEPENDENT AUDITOR'S REPORT**

(1)

## **BASIC FINANCIAL STATEMENTS**

**TALLYNS REACH METRO DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,768
Cash and Investments - Restricted	740,913
Receivable - County Treasurer	13,886
Property Taxes Receivable	<u>3,007,104</u>
Total Assets	3,765,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Refunding	<u>2,530,589</u>
Total Deferred Outflows of Resources	2,530,589
<b>LIABILITIES</b>	
Due to Tallyn's Reach Authority	700
Accrued Interest Payable	99,696
Noncurrent Liabilities:	
Due Within One Year	1,961,000
Due in More Than One Year	<u>39,741,470</u>
Total Liabilities	41,802,866
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>3,007,104</u>
Total Deferred Inflows of Resources	<u>3,007,104</u>
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserve	8,100
Debt Service	645,135
Unrestricted	<u>(39,166,945)</u>
Total Net Position	<u><u>\$ (38,513,710)</u></u>

See accompanying Notes to Basic Financial Statements.

(1)

**TALLYS REACH METRO DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:	\$ 253,758	\$ -	\$ -	\$ -	\$ (253,758)
Interest and Related Costs on Long-Term Debt	1,581,705	-	-	-	(1,581,705)
Total Governmental Activities	\$ 1,835,463	\$ -	\$ -	\$ -	(1,835,463)
<b>GENERAL REVENUES</b>					
Property Taxes					2,978,108
Specific Ownership Taxes					188,476
Net Investment Income					44,042
Total General Revenues					3,210,626
<b>CHANGE IN NET POSITION</b>					
					1,375,163
Net Position - Beginning of Year					(39,888,873)
<b>NET POSITION - END OF YEAR</b>					
					\$ (38,513,710)

See accompanying Notes to Basic Financial Statements.

(2)

**TALLYNS REACH METRO DISTRICT NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 3,768	\$ -	\$ 3,768
Cash and Investments - Restricted	8,100	732,813	740,913
Receivable - County Treasurer	1,168	12,718	13,886
Property Taxes Receivable	250,592	2,756,512	3,007,104
Total Assets	<u>\$ 263,628</u>	<u>\$ 3,502,043</u>	<u>\$ 3,765,671</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Tallyn's Reach Authority	\$ -	\$ 700	\$ 700
Total Liabilities	-	700	700
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	250,592	2,756,512	3,007,104
Total Deferred Inflows of Resources	250,592	2,756,512	3,007,104
<b>FUND BALANCE</b>			
Restricted For:			
Emergency Reserve	8,100	-	8,100
Debt Service	-	744,831	744,831
Unassigned:	4,936	-	4,936
Total Fund Balance	<u>13,036</u>	<u>744,831</u>	<u>757,867</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 263,628</u>	<u>\$ 3,502,043</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds

Loss on Refunding	2,530,589
Bonds Payable	(6,110,000)
Bond Premium (Net of Amortization)	(609,470)
Loans Payable	(34,983,000)
Accrued Interest Payable	(99,696)
Net Position of Governmental Activities	<u>\$ (38,513,710)</u>

See accompanying Notes to Basic Financial Statements.

**TALLYNS REACH METRO DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 250,459	\$ 2,727,649	\$ 2,978,108
Specific Ownership Taxes	15,851	172,625	188,476
Net Investment Income	484	43,558	44,042
Total Revenues	<u>266,794</u>	<u>2,943,832</u>	<u>3,210,626</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	3,758	40,937	44,695
Transfers to Tallyn's Reach Authority	250,000	-	250,000
Paying Agent Fees	-	700	700
Bond Interest - Series 2019	-	267,200	267,200
Bond Principal - Series 2019	-	310,000	310,000
Loan Interest - 2020A	-	184,726	184,726
Loan Principal - 2020A	-	508,000	508,000
Loan Interest - 2020B	-	467,443	467,443
Loan Principal - 2020B	-	299,000	299,000
Loan Interest - Series 2021A-1	-	162,893	162,893
Loan Principal - Series 2021A-1	-	410,000	410,000
Loan Interest - Series 2021A-2	-	202,063	202,063
Loan Principal - Series 2021A-2	-	325,000	325,000
Total Expenditures	<u>253,758</u>	<u>3,177,962</u>	<u>3,431,720</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,036</u>	<u>(234,130)</u>	<u>(221,094)</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,036	(234,130)	(221,094)
Fund Balance - Beginning of Year	-	978,961	978,961
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 13,036</u>	<u>\$ 744,831</u>	<u>\$ 757,867</u>

See accompanying Notes to Basic Financial Statements.

(4)



**TALLYNS REACH METRO DISTRICT NO. 3  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balance - Governmental Fund \$ (221,094)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides 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 similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond Principal Payment - Series 2019	310,000
Loan Principal Payment - Series 2020A	508,000
Loan Principal Payment - Series 2020B	299,000
Loan Principal Payment - Series 2021A-1	410,000
Loan Principal Payment - Series 2021A-2	325,000

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:

Amortization of Bond Premium - Series 2019	81,633
Amortization of Loss on Refunding	(344,465)
Accrued Interest on Debt - Change in Liability	<u>7,089</u>

Change in Net Position of Governmental Activities \$ 1,375,163

See accompanying Notes to Basic Financial Statements.

(5)

**TALLYNS REACH METRO DISTRICT NO. 3  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 250,523	\$ 250,459	\$ (64)
Specific Ownership Taxes	17,537	15,851	(1,686)
Net Investment Income	-	484	484
Total Revenues	<u>268,060</u>	<u>266,794</u>	<u>(1,266)</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	3,758	3,758	-
Transfers to Tallyn's Reach Authority	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total Expenditures	<u>253,758</u>	<u>253,758</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	14,302	13,036	(1,266)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 14,302</u>	<u>\$ 13,036</u>	<u>\$ (1,266)</u>

See accompanying Notes to Basic Financial Statements.

(6)

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Tallyns Reach Metro District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, 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.

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 has no employees, and all operations and administrative functions are contracted.

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the governmental funds. 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.

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 major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

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 (beginning in 2022) accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, 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 and other financing uses 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 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.

**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 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 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the subsequent year when they are available or collected.

**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.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

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.

**Amortization**

**Original Issue Premium**

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental types recognize bond premiums and discounts, as well as bond issue 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 expenditures.

**Loss on Refunding**

In the government-wide financial statements, the deferred loss on bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred outflows of resources.

**Equity**

**Net Position**

For the government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance of governmental funds should be reported in classification that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,768
Cash and Investments - Restricted	740,913
Total Cash and Investments	<u>\$ 744,681</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 216
Investments	744,465
Total Cash and Investments	<u>\$ 744,681</u>

**Deposits with Financial Institutions**

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 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 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, 2022, the District's cash deposits had a bank and carrying balance of \$216.



**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments**

The District has adopted a formal investment policy which is consistent with state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2022, the District had the following investments:

Investment		
Colorado Local Government Liquid Asset Trust (COLOTRUST)	\$	744,425
Colorado Surplus Asset Fund Trust (CSAFE)		40
Total	<u>\$</u>	<u>744,465</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE. CSAFE CASH FUND operations 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, any security allowed under Section 24-75-601.1, C.R.S. CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. 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 custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Net Issues/ Additions	Retirements/ Refundings	Balance - December 31, 2022	Current Portion
Series 2019 - GO Bonds	\$ 6,420,000	\$ -	\$ 310,000	\$ 6,110,000	\$ 325,000
Series 2019 - Premium	691,103	-	81,633	609,470	-
Series 2020A - Loan	7,163,000	-	508,000	6,655,000	545,000
Series 2020B - Loan	15,792,000	-	299,000	15,493,000	336,000
Series 2021A-1 - Loan	5,945,000	-	410,000	5,535,000	425,000
Series 2021A-2 - Loan	7,625,000	-	325,000	7,300,000	330,000
	<u>\$ 43,636,103</u>	<u>\$ -</u>	<u>\$ 1,933,633</u>	<u>\$ 41,702,470</u>	<u>\$ 1,961,000</u>
Total	<u>\$ 43,636,103</u>	<u>\$ -</u>	<u>\$ 1,933,633</u>	<u>\$ 41,702,470</u>	<u>\$ 1,961,000</u>

The detail of the District’s general obligation bonds outstanding during 2022 is as follows:

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$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 maximum debt service mill levy of 54.500. 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.

**\$7,645,000 Taxable Refunding Loan – 2020A**

On November 20, 2020 (Closing Date), the District entered into a Loan Agreement (2020A Loan) with BBVA Mortgage Corporation (the Lender) for a loan of \$7,645,000. The 2020A Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District's previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.68% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2022, and the interest rate will be converted to 2.12% per annum. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the 2020A Loan shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the 2020A Loan plus 4.00%. If interest on the 2020A Loan (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the 2020A Loan, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on the 2020A Loan divided by 79%.

The Pledged Revenue for the repayment of the 2020A Loan is a maximum debt service mill levy of 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$7,645,000 Taxable Refunding Loan – 2020A (Continued)**

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$1,027,996, which has been deferred and is being amortized over the life of the Loan. As of December 31, 2022, accumulated amortization totaled \$433,083.

**\$16,030,000 Taxable Refunding Loan – 2020B**

On November 20, 2020 (Closing Date), the District entered into a Loan Agreement (2020B Loan) with BBVA Mortgage Corporation (the Lender) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District's previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020B Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the 2020B Loan shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the 2020B Loan plus 4.00%. If interest on the 2020B Loan (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the 2020B Loan, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on the 2020B Loan divided by 79%.

The Pledged Revenue for the repayment of the 2020B Loan is a maximum debt service mill levy of 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$2,476,917, which has been deferred and is being amortized over the life of the new debt. As of December 31, 2022, accumulated amortization totaled \$678,606.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$6,220,000 Tax-Exempt Refunding Loan – 2021A-1**

On May 18, 2021 (Closing Date), the District entered into a Loan Agreement (2021A-1 Loan) with BBVA Mortgage Corporation (Lender) for a loan of \$6,220,000. The 2021A-1 Taxable (Converting to Tax-Exempt) Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District's previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

As of September 16, 2021, the Loan is Tax-Exempt.

The Pledged Revenue for the repayment of the 2021A-1 Loan is a maximum debt service mill levy of 54.503 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$167,220, which has been deferred and is being amortized over the life of the new debt. As of December 31, 2022, accumulated amortization totaled \$29,855.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$8,025,000 Tax-Exempt Refunding Loan – 2021A-2**

On May 18, 2021 (Closing Date), the District entered into a Loan Agreement (2021A-2 Loan) with BBVA Mortgage Corporation (Lender) for a loan of \$8,025,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District's previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

The Pledged Revenue for the repayment of the 2021A-2 Loan is a maximum debt service mill levy of 54.503 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

**Debt Authorization**

As of December 31, 2022, 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.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets 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 a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Emergency Reserve	\$ 8,100
Debt Service	645,135
Total Restricted Net Position	<u>\$ 653,235</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds and loans issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 6 AGREEMENTS**

**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 3, 2013, 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.

**Tallyn's Reach Authority Establishment Agreement**

On February 12, 2018, District No. 2 and the District (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.



**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft 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 (the 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 coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, 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 8 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.

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. As all operating costs are paid by District No. 1, therefore the District 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.

**SUPPLEMENTARY INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 3**  
**DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL**  
**DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,727,688	\$ 2,727,649	\$ (39)
Specific Ownership Taxes	190,938	172,625	(18,313)
Net Investment Income	3,400	43,558	40,158
Total Revenues	<u>2,922,026</u>	<u>2,943,832</u>	<u>21,806</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	40,915	40,937	(22)
Paying Agent Fees	6,000	700	5,300
Contingency	9,679	-	9,679
Bond Interest - Series 2019	267,200	267,200	-
Bond Principal - Series 2019	310,000	310,000	-
Loan Interest - Series 2020A	181,940	184,726	(2,786)
Loan Principal - Series 2020A	508,000	508,000	-
Loan Interest - Series 2020B	467,443	467,443	-
Loan Principal - Series 2020B	299,000	299,000	-
Loan Interest - Series 2021A-1	162,893	162,893	-
Loan Principal - Series 2021A-1	410,000	410,000	-
Loan Interest - Series 2021A-2	201,930	202,063	(133)
Loan Principal - Series 2021A-2	325,000	325,000	-
Total Expenditures	<u>3,190,000</u>	<u>3,177,962</u>	<u>12,038</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(267,974)	(234,130)	33,844
Fund Balance - Beginning of Year	<u>958,353</u>	<u>978,961</u>	<u>20,608</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 690,379</u>	<u>\$ 744,831</u>	<u>\$ 54,452</u>

**OTHER INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 3  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
YEAR ENDED DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	59,345,649	54.128	3,212,261	3,211,487	99.98
2019	59,856,167	54.128	3,239,895	3,239,857	100.00
2020	65,709,315	54.500	3,581,158	3,580,414	99.98
2021	66,515,064	54.500	3,625,071	3,625,071	100.00
2022	68,448,880	43.510	2,978,211	2,978,108	100.00
Estimated for Year Ending December 31, 2023	\$ 66,824,529	45.000	\$ 3,007,104		

**NOTE:**

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

**TALLYS REACH METRO DISTRICT NO. 3  
SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2022**

\$7,255,000 General Obligation Refunding Bonds Series 2019 Interest Rate 2.000% - 5.000% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31.	Principal	Interest	Total
2023	\$ 325,000	\$ 251,700	\$ 576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
Total	\$ 6,110,000	\$ 1,994,900	\$ 8,104,900

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$7,645,000 Taxable (Converting to Tax-Exempt)  
Refunding Loan  
Series 2020A  
Interest Rate 2.12%  
Payable June 1 and December 1  
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 545,000	\$ 141,086	\$ 686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
Total	<u>\$ 6,655,000</u>	<u>\$ 874,861</u>	<u>\$ 7,529,861</u>

**TALLYS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$16,030,000 Taxable (Converting to Tax-Exempt)  
Refunding Loan  
Series 2020B  
Interest Rate 2.34% - 2.96%  
Payable June 1 and December 1  
Principal Due December 1

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 336,000	\$ 458,593	\$ 794,593
2024	456,000	448,647	904,647
2025	468,000	435,150	903,150
2026	523,000	421,297	944,297
2027	521,000	405,816	926,816
2028	584,000	390,394	974,394
2029	591,000	373,108	964,108
2030	662,000	355,614	1,017,614
2031	673,000	336,019	1,009,019
2032	730,000	316,098	1,046,098
2033	757,000	294,490	1,051,490
2034	1,495,000	272,083	1,767,083
2035	1,531,000	227,831	1,758,831
2036	1,609,000	182,514	1,791,514
2037	2,229,000	134,887	2,363,887
2038	2,328,000	68,909	2,396,909
Total	<u>\$ 15,493,000</u>	<u>\$ 5,121,450</u>	<u>\$ 20,614,450</u>



**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$6,220,000 Taxable (Converting to Tax-Exempt) Refunding Loan Series 2021A-1 Interest Rate 2.74% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31.	Principal	Interest	Total
2023	\$ 425,000	\$ 151,659	\$ 576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
Total	\$ 5,535,000	\$ 1,238,343	\$ 6,773,343

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

<u>Year Ending December 31.</u>	\$8,025,000 Taxable Tax-Exempt Refunding Loan Series 2021A-2 Interest Rate 2.65% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2023	\$ 330,000	\$ 193,318	\$ 523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	580,000	15,238	595,238
Total	\$ 7,300,000	\$ 1,405,030	\$ 8,705,030

**TALLYS REACH METRO DISTRICT NO. 3  
SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)  
DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	Totals		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	1,961,000	1,196,356	3,157,356
2024	2,149,000	1,138,216	3,287,216
2025	2,269,000	1,074,277	3,343,277
2026	2,395,000	1,017,709	3,412,709
2027	2,459,000	950,490	3,409,490
2028	2,587,000	881,511	3,468,511
2029	2,666,000	807,413	3,473,413
2030	2,777,000	728,203	3,505,203
2031	2,617,000	645,345	3,262,345
2032	2,753,000	566,169	3,319,169
2033	2,833,000	482,830	3,315,830
2034	2,980,000	396,708	3,376,708
2035	3,061,000	310,893	3,371,893
2036	2,599,000	222,891	2,821,891
2037	2,659,000	146,669	2,805,669
2038	2,328,000	68,909	2,396,909
Total	<u>\$ 41,093,000</u>	<u>\$ 10,634,584</u>	<u>\$ 51,727,584</u>

## RECORD OF PROCEEDINGS

MINUTES OF A JOINT SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
TALLYN’S REACH AUTHORITY AND TALLYNS REACH  
METROPOLITAN DISTRICT NOS. 2 AND 3  
HELD  
JANUARY 31, 2023

A joint special meeting of the Boards of Directors of the Tallyn’s Reach Authority and the Tallyn’s Reach Metropolitan District Nos. 2 and 3 (referred to hereafter as the “Board” and/or “Boards”) was convened on Tuesday, January 31, 2023, at 5:00 p.m. This joint meeting was held virtually via Microsoft Teams. The meeting was open to the public.

### ATTENDANCE

#### **Directors in Attendance for the Authority:**

David Patterson, President  
BJ Pell, Vice-President/Assistant Secretary  
Harry Yosten, Treasurer  
Mike Dell’Orfano, Assistant Secretary  
Brian Crandall, Assistant Secretary

#### **Directors in Attendance for MD 2:**

BJ Pell, President  
William Barcus, Vice President/Treasurer  
Brian Baisch, Secretary

#### **Directors in Attendance for MD 3:**

Mike Dell’Orfano, President  
Harry Yosten, Vice President/Treasurer  
David Patterson, Secretary  
Julie Huygen, Assistant Secretary  
Brian Crandall, Assistant Secretary

#### **Also in Attendance Were:**

Blair Dickhoner, Esq.; White Bear Ankele Tanaka & Waldron (“WBA”)  
Celeste Terrell and Nic Carlson; CliftonLarsonAllen LLP (“CLA”)

### ADMINISTRATIVE MATTERS

**Call to Order:** Director Patterson called the meeting to order at 5:01 p.m.

**Agenda:** Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Boards approved the Agenda.

**Disclosures of Potential Conflicts of Interest:** Attorney Dickhoner advised the Boards that, pursuant to Colorado law, certain disclosures

## RECORD OF PROCEEDINGS

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might be required prior to taking official action at the meeting. Attorney Dickhoner reported that disclosures for those directors that provided WBA with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Attorney Dickhoner inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain quorums or to otherwise enable the Boards to act.

**Quorum:** A quorum was confirmed for each Board for the meeting, the meeting location and posting of meeting notice.

**Public Comment:** None.

### CONSENT AGENDA

Ms. Terrell reviewed the Consent Agenda with the Boards and noted that any item may be removed from the Consent Agenda to the regular Agenda upon the request of any Director. Upon a motion duly made and seconded, upon vote, unanimously carried, the following items on the Consent Agenda were approved, ratified and/or adopted, as appropriate.

- A. **Authority, MDs 2 & 3:** Approval of Minutes of November 15, 2022 Joint Regular Meeting.
- B. **Authority:** Approval of Minutes of the Regular Meeting on November 15, 2022 and Minutes of the Special Meeting on November 29, 2022.

### FINANCIAL MATTERS

None.

### LEGAL MATTERS

**Engagement of Legal Firm for Unpaid Fee Collection Services:** Attorney Dickhoner reviewed the proposals submitted by Altitude Community Law P.C., IDEA Law Group, LLC (for foreclosure only), Orten Cavanagh Holmes & Hunt, LLC, and Winzenburg Leff Purvis & Payne, LLP, with the Boards.

Following review and discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Authority Board approved to engage Orten Cavanagh Holmes & Hunt, LLC for unpaid fee collection and foreclosure services and terminate the prior engagement of IDEA Law Group, LLC for foreclosure services.

## RECORD OF PROCEEDINGS

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**Cherry Creek School District (“CCSD”) and City of Aurora Property Maintenance Discussions:** Attorney Dickhoner provided an update and noted that a memo is expected from the City on February 9<sup>th</sup>. He also noted that an agreement with CCSD has been drafted but has not yet been executed.

### MANAGER MATTERS

**Potential Appointment of a Local Governmental Designee (liaison) to the Colorado Oil & Gas Conservation Commission (“COGCC”:** Attorney Dickhoner explained designees and liaisons to the Boards. Following a lengthy discussion, upon a motion duly made and seconded, upon vote, unanimously carried, the Authority Board appointed Julie Huygen (Board Member of Tallyn’s Reach Metropolitan District No. 3) as Authority Liaison to the COGCC, and directed Attorney Dickhoner to prepare an accompanying resolution.

### OTHER MATTERS

**Snow Removal on 25 Private Streets:** Following discussion, the Authority Board directed CLA staff to approve snow removal on the private streets at their own discretion, and to track spending and update the Authority Board.

**MDs 2 & 3 Next Meeting:** The Boards confirmed an anticipated quorum for the next regular Board meeting scheduled for November 21, 2023 at 5:30 p.m.

**Authority Next Meeting:** The Board discussed the next regular Board meeting scheduled for March 21, 2023 at 6:00 p.m. and determined to move it to Tuesday, March 14, 2023 at 6:00 p.m.

### ADJOURNMENT

There being no further business to come before the Boards, the Boards adjourned the meeting at 6:21 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

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Secretary for the Meeting – Tallyn’s Reach Authority

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Secretary for the Meeting – Tallyn’s Reach MD 2

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Secretary for the Meeting – Tallyn’s Reach MD 3

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 2**  
**FINANCIAL STATEMENTS**  
**PERIODS ENDED MAY 31, 2023**

**Tallyn's Reach Metro District No. 2**  
**Balance Sheet - Governmental Funds**  
**May 31, 2023**

	<u>General</u>	<u>Total</u>
Assets		
PNC Bank	\$ 204,574.95	\$ 204,574.95
Colotrust	532.25	532.25
Receivable from County Treasurer	14,955.85	14,955.85
Total Assets	<u>\$ 220,063.05</u>	<u>\$ 220,063.05</u>
Fund Balances	<u>220,063.05</u>	<u>220,063.05</u>
Liabilities and Fund Balances	<u>\$ 220,063.05</u>	<u>\$ 220,063.05</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.



**Tallyn's Reach Metro District No. 2**  
**General Fund Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 230,338.00	\$ 184,101.35	\$ 46,236.65
Specific ownership taxes	13,820.00	6,334.03	7,485.97
Interest income	1,000.00	861.56	138.44
Total Revenue	<u>245,158.00</u>	<u>191,296.94</u>	<u>53,861.06</u>
Expenditures			
County Treasurer's fee	3,455.00	2,761.71	693.29
Transfers to TRA	250,000.00	-	250,000.00
Total Expenditures	<u>253,455.00</u>	<u>2,761.71</u>	<u>250,693.29</u>
Net Change in Fund Balances	(8,297.00)	188,535.23	(196,832.23)
Fund Balance - Beginning	20,041.00	31,527.82	(11,486.82)
Fund Balance - Ending	<u>\$ 11,744.00</u>	<u>\$ 220,063.05</u>	<u>\$ (208,319.05)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

## Supplementary Information

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2**  
**Schedule of Cash Position**  
**As of May 31, 2023**  
**Updated as of July 11, 2023**

	<b>General Fund</b>	<b>Total</b>
<b><u>PNC Bank</u></b>		
Balance as of 05/31/23	\$ 204,574.95	\$ 204,574.95
Subsequent activities:		
06/10/23 - Property/SO tax	14,955.85	14,955.85
07/10/23 - Property/SO tax	44,997.94	44,997.94
<i>Anticipated Transfer to ColoTrust</i>	<i>(264,528.74)</i>	<i>(264,528.74)</i>
<b><i>Anticipated Balance</i></b>	<b><i>\$ -</i></b>	<b><i>\$ -</i></b>
 <b><u>ColoTrust</u></b>		
Balance as of 05/31/23	\$ 532.25	\$ 532.25
Subsequent activities:		
<i>Anticipated Transfer from PNC</i>	<i>264,528.74</i>	<i>264,528.74</i>
<i>Anticipated Transfer to TRA</i>	<i>(250,000.00)</i>	<i>(250,000.00)</i>
<b><i>Anticipated Balance</i></b>	<b><i>\$ 15,060.99</i></b>	<b><i>\$ 15,060.99</i></b>
<b><i>Total Anticipated Balances</i></b>	<b><i>\$ 15,060.99</i></b>	<b><i>\$ 15,060.99</i></b>

**Yield Information as of 05/31/23:**

Colotruster Plus - 5.1483%

PNC Bank - 2.66%

**TALLYNS REACH METROPOLITAN DISTRICT No. 2  
Property Taxes Reconciliation  
2023**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 190.94	\$ -	\$ 1,161.23	\$ -	\$ (2.86)	\$ 1,349.31	0.08%	0.08%	\$ 5,746.63	0.29%	0.29%
February	52,982.93	-	1,176.05	-	(794.74)	53,364.24	23.00%	23.09%	168,501.93	22.52%	22.80%
March	4,942.91	-	1,476.12	-	(74.14)	6,344.89	2.15%	25.23%	18,673.17	1.99%	24.79%
April	112,169.38	-	1,185.70	-	(1,682.54)	111,672.54	48.70%	73.93%	362,637.25	49.21%	74.00%
May	13,815.19	-	1,334.93	13.16	(207.43)	14,955.85	6.00%	79.93%	40,526.98	5.08%	79.08%
June	-	-	-	-	-	-	0.00%	79.93%	148,096.79	19.79%	98.87%
July	-	-	-	-	-	-	0.00%	79.93%	10,409.64	0.90%	99.77%
August	-	-	-	-	-	-	0.00%	79.93%	4,765.16	0.00%	99.77%
September	-	-	-	-	-	-	0.00%	79.93%	5,725.24	0.22%	100.00%
October	-	-	-	-	-	-	0.00%	79.93%	3,829.32	0.00%	100.00%
November	-	-	-	-	-	-	0.00%	79.93%	4,271.63	0.00%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	79.93%	3,453.40	0.00%	100.00%
<b>Total</b>	<b>\$ 184,101.35</b>	<b>\$ -</b>	<b>\$ 6,334.03</b>	<b>\$ 13.16</b>	<b>\$ (2,761.71)</b>	<b>\$ 187,686.83</b>	<b>79.93%</b>	<b>79.93%</b>	<b>\$ 776,637.14</b>	<b>100.00%</b>	<b>100.00%</b>

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
<b>Property Tax</b>				
General Fund	\$ 230,338.00	100.00%	\$ 184,101.35	79.93%
	<u>\$ 230,338.00</u>	<u>100.00%</u>	<u>\$ 184,101.35</u>	<u>79.93%</u>
<b>Specific Ownership Tax</b>				
General Fund	\$ 13,820.00	100.00%	\$ 6,334.03	45.83%
	<u>\$ 13,820.00</u>	<u>100.00%</u>	<u>\$ 6,334.03</u>	<u>45.83%</u>
<b>Treasurer's Fees</b>				
General Fund	\$ 3,455.00	100.00%	\$ 2,761.70	79.93%
	<u>\$ 3,455.00</u>	<u>100.00%</u>	<u>\$ 2,761.71</u>	<u>79.93%</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

**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.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3**  
**FINANCIAL STATEMENTS**  
**PERIODS ENDED MAY 31, 2023**

**Tallyn's Reach Metro District No. 3  
Balance Sheet - Governmental Funds  
May 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>			
PNC Bank - Series 2020A & 2020B	\$ -	\$ 300,133.94	\$ 300,133.94
PNC Bank - Series 2021A-1	-	75,926.15	75,926.15
PNC Bank - Series 2021A-2	-	96,826.99	96,826.99
CSAFE	-	41.30	41.30
Colotrust	153,621.84	1,709,560.11	1,863,181.95
Colotrust - 2019 Bonds	-	2.31	2.31
Receivable from County Treasurer	20,627.21	226,998.42	247,625.63
<b>Total Assets</b>	<u>\$ 174,249.05</u>	<u>\$ 2,409,489.22</u>	<u>\$ 2,583,738.27</u>
<b>Liabilities</b>			
Accounts Payable	-	-	-
Due to Other Districts	-	700.00	700.00
<b>Total Liabilities</b>	<u>-</u>	<u>700.00</u>	<u>700.00</u>
<b>Fund Balances</b>	<u>174,249.05</u>	<u>2,408,789.22</u>	<u>2,583,038.27</u>
<b>Liabilities and Fund Balances</b>	<u>\$ 174,249.05</u>	<u>\$ 2,409,489.22</u>	<u>\$ 2,583,738.27</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.



**Tallyn's Reach Metro District No. 3**  
**General Fund Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 250,592.00	\$ 155,231.52	\$ 95,360.48
Specific ownership taxes	15,036.00	6,926.89	8,109.11
Interest income	500.00	1,384.47	(884.47)
Total Revenue	<u>266,128.00</u>	<u>163,542.88</u>	<u>102,585.12</u>
Expenditures			
County Treasurer's fee	3,759.00	2,329.33	1,429.67
Transfer to Tallyn's Reach Authority	250,000.00	-	250,000.00
Total Expenditures	<u>253,759.00</u>	<u>2,329.33</u>	<u>251,429.67</u>
Net Change in Fund Balances	12,369.00	161,213.55	(148,844.55)
Fund Balance - Beginning	13,051.00	13,035.50	15.50
Fund Balance - Ending	<u>\$ 25,420.00</u>	<u>\$ 174,249.05</u>	<u>\$ (148,829.05)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

## Supplementary Information

**Tallyn's Reach Metro District No. 3**  
**Debt Service Fund Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending May 31, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 2,756,512.00	\$ 1,708,292.04	\$ 1,048,219.96
Specific ownership taxes	165,391.00	76,228.99	89,162.01
Interest income	10,000.00	30,919.80	(20,919.80)
Total Revenue	<u>2,931,903.00</u>	<u>1,815,440.83</u>	<u>1,116,462.17</u>
Expenditures			
County Treasurer's fee	41,348.00	25,633.69	15,714.31
Paying agent fees	300.00	-	300.00
Bond interest - Series 2019	251,700.00	125,850.00	125,850.00
Bond Principal - Series 2019	325,000.00	-	325,000.00
Bond Principal - Series 2021A-1	425,000.00	-	425,000.00
Bond Principal - Series 2021A-2	330,000.00	-	330,000.00
Loan Principal - 2020A	545,000.00	-	545,000.00
Loan Principal - 2020B	336,000.00	-	336,000.00
Loan interest - 2020A	141,086.00	-	141,086.00
Loan interest - 2020B	458,593.00	-	458,593.00
Bond interest - Series 2021A-1	151,659.00	-	151,659.00
Bond interest - Series 2021A-2	193,318.00	-	193,318.00
Contingency	10,996.00	-	10,996.00
Total Expenditures	<u>3,210,000.00</u>	<u>151,483.69</u>	<u>3,058,516.31</u>
Net Change in Fund Balances	(278,097.00)	1,663,957.14	(1,942,054.14)
Fund Balance - Beginning	721,673.00	744,832.08	935,193.92
Fund Balance - Ending	<u>\$ 443,576.00</u>	<u>\$ 2,408,789.22</u>	<u>\$ (1,006,860.22)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3**  
**Schedule of Cash Position**  
**As of May 31, 2023**  
**Updated as of July 11, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b><u>ColoTrust</u></b>			
Balance as of 05/31/23	\$ 153,621.84	\$ 1,709,560.11	\$ 1,863,181.95
Subsequent activities:			
06/10/23 - Property/SO tax	20,627.21	226,998.42	247,625.63
06/31/23 - Interest income	725.48	8,073.36	8,798.84
07/10/23 - Property/SO tax	92,568.59	1,018,699.01	1,111,267.60
<i>Anticipated Transfer to TRA</i>	<i>(250,700.00)</i>	<i>-</i>	<i>(250,700.00)</i>
<b><i>Anticipated Balance</i></b>	<b><u>\$ 16,843.12</u></b>	<b><u>\$ 2,963,330.90</u></b>	<b><u>\$ 2,980,174.02</u></b>
<b><u>ColoTrust - 8002 (2019 Bonds)</u></b>			
Balance as of 05/31/23	\$ -	\$ 2.31	\$ 2.31
Subsequent activities: None			
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 2.31</u></b>	<b><u>\$ 2.31</u></b>
<b><u>CSAFE</u></b>			
Balance as of 05/31/23	\$ -	\$ 41.30	\$ 41.30
Subsequent activities: None			
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 41.30</u></b>	<b><u>\$ 41.30</u></b>
<b><u>PNC - Series 2020A &amp; 2020B</u></b>			
Balance as of 05/31/23	\$ -	\$ 300,133.94	\$ 300,133.94
Subsequent activities:			
06/01/23 - 2020A Bond Payment	-	(70,543.00)	(70,543.00)
06/01/23 - 2020B Bond Payment	-	(229,296.40)	(229,296.40)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 294.54</u></b>	<b><u>\$ 294.54</u></b>
<b><u>PNC - Series 2021A-1</u></b>			
Balance as of 05/31/23	\$ -	\$ 75,926.15	\$ 75,926.15
Subsequent activities:			
06/01/23 - 2021 A-1 Bond Payment	-	(75,829.50)	(75,829.50)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 96.65</u></b>	<b><u>\$ 96.65</u></b>
<b><u>PNC - Series 2021A-2</u></b>			
Balance as of 05/31/23	\$ -	\$ 96,826.99	\$ 96,826.99
Subsequent activities:			
06/01/23 - 2021 A-2 Bond Payment	-	(96,725.00)	(96,725.00)
<b><i>Anticipated Balance</i></b>	<b><u>\$ -</u></b>	<b><u>\$ 101.99</u></b>	<b><u>\$ 101.99</u></b>
<b><i>Total Anticipated Balances</i></b>	<b><u>\$ 16,843.12</u></b>	<b><u>\$ 2,963,867.69</u></b>	<b><u>\$ 2,980,710.81</u></b>

**Yield Information as of 06/30/23:**

Colostrust Plus - 5.2246%

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
Property Taxes Reconciliation  
2023**

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 13,636.54	\$ -	\$ 15,160.06	\$ -	\$ (204.55)	\$ 28,592.05	0.45%	0.45%	\$ 46,219.41	1.07%	1.07%
February	1,320,619.05	-	15,353.51	-	(19,809.29)	1,316,163.27	43.92%	44.37%	1,289,388.34	43.38%	44.45%
March	102,386.28	-	19,271.04	27.37	(1,536.20)	120,148.49	3.40%	47.77%	121,556.85	3.57%	48.02%
April	193,364.68	-	15,943.58	-	(2,907.43)	206,400.83	6.43%	54.21%	201,946.50	6.37%	54.39%
May	233,517.01	-	17,427.69	186.48	(3,505.55)	247,625.63	7.77%	61.97%	196,220.78	6.21%	60.60%
June	-	-	-	-	-	-	0.00%	61.97%	1,152,647.15	38.78%	99.38%
July	-	-	-	-	-	-	0.00%	61.97%	23,015.70	0.28%	99.66%
August	-	-	-	-	-	-	0.00%	61.97%	22,606.66	0.11%	99.78%
September	-	-	-	-	-	-	0.00%	61.97%	18,014.88	0.06%	99.84%
October	-	-	-	-	-	-	0.00%	61.97%	15,397.17	0.00%	99.84%
November	-	-	-	-	-	-	0.00%	61.97%	22,158.09	0.16%	100.00%
December (Accrued)	-	-	-	-	-	-	0.00%	61.97%	13,885.66	0.00%	100.00%
	<b>\$ 1,863,523.56</b>	<b>\$ -</b>	<b>\$ 83,155.88</b>	<b>\$ 213.85</b>	<b>\$ (27,963.02)</b>	<b>\$ 1,918,930.27</b>	<b>61.97%</b>	<b>61.97%</b>	<b>\$ 3,123,057.19</b>	<b>100.00%</b>	<b>100.00%</b>

Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
General Fund	\$ 250,592.00	8.33%	\$ 155,231.52	61.97%
Debt Service Fund	2,756,512.00	91.67%	1,708,292.04	61.97%
	<b>\$ 3,007,104.00</b>	<b>100.00%</b>	<b>\$ 1,863,523.56</b>	<b>61.97%</b>

**Property Tax**

General Fund  
Debt Service Fund

**Specific Ownership Tax**

General Fund  
Debt Service Fund

**Treasurer's Fees**

General Fund  
Debt Service Fund

General Fund	\$ 15,036.00	8.33%	\$ 6,926.89	46.09%
Debt Service Fund	165,391.00	91.67%	76,228.99	46.09%
	<b>\$ 180,427.00</b>	<b>100.00%</b>	<b>\$ 83,155.88</b>	<b>46.09%</b>
General Fund	\$ 3,759.00	8.33%	\$ 2,329.33	61.99%
Debt Service Fund	41,348.00	91.67%	25,633.69	61.99%
	<b>\$ 45,107.00</b>	<b>100.00%</b>	<b>\$ 27,963.02</b>	<b>61.99%</b>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Tallyn's Reach Metropolitan District No. 3 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.

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.

The calculation of property taxes is reflected on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues** (continued)

**Property Taxes (continued)**

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%.

**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% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds have been estimated at historical interest rates 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 3.750 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 Service**

Amounts budgeted for debt service are based on the amortization schedule for the 2021A-1, 2021A-2, 2020A, and 2020B Loans and 2019 Bond, which are attached.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**\$6,220,000 Tax-Exempt Refunding Loan - 2021A-1**

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-1 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$6,220,000. The 2021A-1 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.



**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**\$8,020,000 Tax-Exempt Refunding Loan - 2021A-2**

On May 12, 2021 (“Closing Date”), the District entered into a Loan Agreement (“2021A-2 Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$8,020,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District’s previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**\$7,645,000 Tax-Exempt Refunding Loan - 2020A**

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020A Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$7,645,000. The 2020A Tax-Exempt Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District’s previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.12% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**\$16,030,000 Taxable Refunding Loan - 2020B**

On November 20, 2020 (“Closing Date”), the District entered into a Loan Agreement (“2020B Loan”) with BBVA Mortgage Corporation (“Lender”) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District’s previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020B Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

**\$7,255,000 General Obligation Refunding Bonds - 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 2.00% and 5.00% with yields ranging between 1.70% and 3.12%. 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 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 Pledged Revenue for the repayment of all debt is a debt service mill levy fixed at 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

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.

The District has no operating or capital leases.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$6,220,000 Tax-Exempt Refunding Loan 2021A-1  
Dated May 12, 2021  
Principal due December 1  
Interest Rate 2.74% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 425,000	\$ 151,659	\$ 576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
	<u>\$ 5,535,000</u>	<u>\$ 1,238,343</u>	<u>\$ 6,773,343</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,020,000 Tax-Exempt Refunding Loan 2021A-2  
Dated May 12, 2021  
Principal due December 1  
Interest Rate 2.65% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 330,000	\$ 193,318	\$ 523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	575,000	15,238	590,238
	<u>\$ 7,295,000</u>	<u>\$ 1,405,030</u>	<u>\$ 8,700,030</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,645,000 Tax-Exempt Refunding Loan 2020A  
Dated November 20, 2020  
Principal due December 1  
Interest Rate 2.12% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 545,000	\$ 141,086	\$ 686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
	<u>\$ 6,655,000</u>	<u>\$ 874,860</u>	<u>\$ 7,529,860</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$16,030,000 Taxable Refunding Loan 2020B  
Dated November 20, 2020  
Principal due December 1  
Interest Rate 2.34% - 2.96% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 336,000	\$ 458,593	\$ 794,593
2024	456,000	448,647	904,647
2025	468,000	435,150	903,150
2026	523,000	421,297	944,297
2027	521,000	405,816	926,816
2028	584,000	390,394	974,394
2029	591,000	373,108	964,108
2030	662,000	355,614	1,017,614
2031	673,000	336,019	1,009,019
2032	730,000	316,098	1,046,098
2033	757,000	294,490	1,051,490
2034	1,495,000	272,083	1,767,083
2035	1,531,000	227,831	1,758,831
2036	1,609,000	182,514	1,791,514
2037	2,229,000	134,887	2,363,887
2038	2,328,000	68,909	2,396,909
	<u>\$ 15,493,000</u>	<u>\$ 5,121,450</u>	<u>\$ 20,614,450</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$7,255,000 General Refunding Loan 2019  
Dated June 5, 2019  
Principal due December 1  
Interest Rate 2.00% - 5.00% Payable  
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 325,000	\$ 251,700	\$ 576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
	<u>\$ 6,110,000</u>	<u>\$ 1,994,900</u>	<u>\$ 8,104,900</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.



**TALLYN'S REACH METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>Year Ended</b>	<b>Grand Totals</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,961,000	\$ 1,196,356	\$ 3,157,356
2024	2,149,000	1,138,216	3,287,216
2025	2,269,000	1,074,277	3,343,277
2026	2,395,000	1,017,709	3,412,709
2027	2,459,000	950,489	3,409,489
2028	2,587,000	881,511	3,468,511
2029	2,666,000	807,412	3,473,412
2030	2,777,000	728,203	3,505,203
2031	2,617,000	645,344	3,262,344
2032	2,753,000	566,169	3,319,169
2033	2,833,000	482,830	3,315,830
2034	2,980,000	396,708	3,376,708
2035	3,056,000	310,893	3,366,893
2036	2,599,000	222,891	2,821,891
2037	2,659,000	146,669	2,805,669
2038	2,328,000	68,909	2,396,909
	\$ 41,088,000	\$ 10,634,583	\$ 51,722,583

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TALLYNS REACH METRO DISTRICT NO. 2  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**TALLYNS REACH METRO DISTRICT NO. 2  
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**INSERT INDEPENDENT AUDITOR'S REPORT**

(1)

## **BASIC FINANCIAL STATEMENTS**

**TALLYNS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 22,775
Cash and Investments - Restricted	5,300
Receivable - County Treasurer	3,453
Property Taxes Receivable	230,338
Deferred Charges and Other Assets	-
Total Assets	261,866
<b>LIABILITIES</b>	
Total Liabilities	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	230,338
Total Deferred Inflows of Resources	230,338
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	5,300
Unrestricted	26,228
Total Net Position	\$ 31,528

See accompanying Notes to Basic Financial Statements.

(1)

**TALLYNS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:	\$ 261,114	\$ -	\$ -	\$ -	\$ (261,114)
Interest and Related Costs on Long-Term Debt	43,516	-	-	-	(43,516)
Total Governmental Activities	\$ 43,516	\$ -	\$ -	\$ -	(304,630)
<b>GENERAL REVENUES</b>					
Property Taxes					740,681
Specific Ownership Taxes					46,762
Net Investment Income					3,101
Total General Revenues					790,544
<b>CHANGE IN NET POSITION</b>					485,914
Net Position - Beginning of Year					(454,386)
<b>NET POSITION - END OF YEAR</b>					\$ 31,528

See accompanying Notes to Basic Financial Statements.

(2)

**TALLYNS REACH METRO DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 22,775	\$ -	\$ 22,775
Cash and Investments - Restricted	5,300	-	5,300
Receivable - County Treasurer	752	2,701	3,453
Due From Other Funds	2,701	-	2,701
Property Taxes Receivable	230,338	-	230,338
Total Assets	\$ 261,866	\$ 2,701	\$ 264,567
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due To Other Funds	\$ -	\$ 2,701	\$ 2,701
Total Liabilities	-	2,701	\$ 2,701
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	230,338	-	230,338
Total Deferred Inflows of Resources	230,338	-	230,338
<b>FUND BALANCES</b>			
Restricted For:			
Emergency Reserve	5,300	-	5,300
Assigned:			
Subsequent Year's Expenditures	8,297	-	8,297
Unassigned	17,931	-	17,931
Total Fund Balances	31,528	-	31,528
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 261,866	 \$ 2,701	
 Net Position of Governmental Activities			 \$ 31,528

See accompanying Notes to Basic Financial Statements.

(3)



**TALLYNS REACH METRO DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 161,320	\$ 579,361	\$ 740,681
Specific Ownership Taxes	10,185	36,577	46,762
Net Investment Income	2,859	242	3,101
Total Revenues	<u>174,364</u>	<u>616,180</u>	<u>790,544</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,420	8,694	11,114
Transfers to TRA	250,000	-	250,000
Loan Principal - Series 2012	-	620,000	620,000
Loan Interest - Series 2012	-	13,031	13,031
Total Expenditures	<u>252,420</u>	<u>641,725</u>	<u>894,145</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(78,056)	(25,545)	(103,601)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In / (Out)	109,584	(109,584)	-
Total Other Financing Sources (Uses)	<u>109,584</u>	<u>(109,584)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	31,528	(135,129)	(103,601)
Fund Balance - Beginning of Year	<u>-</u>	<u>135,129</u>	<u>135,129</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 31,528</u>	<u>\$ -</u>	<u>\$ 31,528</u>

See accompanying Notes to Basic Financial Statements.

(4)

**TALLYNS REACH METRO DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (103,601)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides 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 similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond Principal, Current Year	620,000
Amortization of Cost of Refunding	(31,684)
Change in Accrued Interest Payable	1,199
Change in Net Position of Governmental Activities	\$ 485,914

*See accompanying Notes to Basic Financial Statements.*

(5)

**TALLYNS REACH METRO DISTRICT NO. 2**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 161,313	\$ 161,320	\$ 7
Specific Ownership Taxes	11,292	10,185	(1,107)
Net Investment Income	-	2,859	2,859
Total Revenues	<u>172,605</u>	<u>174,364</u>	<u>1,759</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,420	2,420	-
Transfers to TRA	250,000	250,000	-
Total Expenditures	<u>252,420</u>	<u>252,420</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(79,815)	(78,056)	1,759
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	100,022	109,584	9,562
Total Other Financing Sources	<u>100,022</u>	<u>109,584</u>	<u>9,562</u>
<b>NET CHANGE IN FUND BALANCE</b>	20,207	31,528	11,321
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 20,207</u>	<u>\$ 31,528</u>	<u>\$ 11,321</u>

See accompanying Notes to Basic Financial Statements.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Tallyns Reach Metro District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, 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 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 has no employees, and all operations and administrative functions are contracted.

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the governmental funds. 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.

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 major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

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 (beginning in 2022) accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds. This is a presentation change from prior years for the District where all related activity was reflected in the General Fund.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, 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 and other financing uses 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 account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

**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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**Deferred Inflows of Resources**

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 position 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.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 22,775
Cash and Investments - Restricted	5,300
Total Cash and Investments	<u>\$ 28,075</u>

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 27,553
Investments	<u>522</u>
Total Cash and Investments	<u><u>\$ 28,075</u></u>

**Deposits with Financial Institutions**

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 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 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, 2022, the District's cash deposits had a bank and carrying balance of \$27,553.

**Investments**

The District has adopted a formal investment policy which is consistent with state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.



**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid	Weighted-Average	
Asset Trust (COLOTRUST)	Under 60 Days	\$ 522
Total		<u>\$ 522</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**TALLYNS REACH METRO DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
General Obligation Loans Payable:					
2012 Loan	\$ 620,000	\$ -	\$ 620,000	\$ -	\$ -
Total Loans Payable	<u>\$ 620,000</u>	<u>\$ -</u>	<u>\$ 620,000</u>	<u>\$ -</u>	<u>\$ -</u>

**\$5,905,000 General Obligation Refunding Loan – 2012**

\$5,905,000 General Obligation Refunding Loan, Series 2012, dated August 6, 2012, with a maturity date of December 1, 2023 and a fixed interest rate of 2.32%, consisting of interest due on June 1 and December 1 calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2012 Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2012 Loan to the date of such prepayment; (c) a Prepayment Penalty, if any, equal to 3% of the outstanding principal, and (d) a Yield Maintenance Fee, if any.

The Pledged Revenue for the repayment of the 2012 Loan is a debt service mill levy fixed at 48.96 mills (which can be adjusted to account for changes in law) and specific ownership taxes. The 2012 Loan requires that a Loan Payment Fund be credited an amount of Pledged Revenue each loan year which is equal to the loan requirements for the then current year. The 2012 Loan is secured by collateral made up of (a) the Pledged Revenue, (b) all amounts on deposit in the Loan Payment Fund; and (c) all monies of the District legally available.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$473,108 which Was been deferred and WAS amortized over the life of the new debt.

In 2022, using current available funds, the District paid the remaining principal balance on the 2012 General Obligation Refunding Loan.

**Authorized Debt**

As of December 31, 2022, the District had no remaining voted debt authorization.

**TALLYNS REACH METRO DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets 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 a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 5,300
Total Restricted Net Position	<u>\$ 5,300</u>

**NOTE 6 AGREEMENTS**

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

On August 24, 1999, and as amended and/or restated during 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. 3. The agreement establishes development fees, transfer fees and monthly operations fees to be imposed on all residents of the Districts.

On December 3, 2013, the District approved an Amended and Restated Joint Resolution Regarding the Imposition of District Fees along with District No. 1 and District No. 3 which further clarified the District fees and established a schedule of fees for 2015 which is adjusted on an annual basis.

**Tallyn's Reach Authority Establishment Agreement**

On February 12, 2018, the District and 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.

**TALLYNS REACH METRO DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

The District is 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 (the 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 property 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 8 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.

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 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.

**SUPPLEMENTARY INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 2**  
**DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL**  
**DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 579,376	\$ 579,361	\$ (15)
Specific Ownership Taxes	40,556	36,577	(3,979)
Net Investment Income	1,000	242	(758)
Total Revenues	<u>620,932</u>	<u>616,180</u>	<u>(4,752)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	8,691	8,694	(3)
Loan Interest - Series 2012	14,384	13,031	1,353
Loan Principal - Series 2012	620,000	620,000	-
Total Expenditures	<u>653,075</u>	<u>641,725</u>	<u>11,350</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(32,143)	(25,545)	6,598
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	<u>(100,022)</u>	<u>(109,584)</u>	<u>(9,562)</u>
Total Other Financing Sources	<u>(100,022)</u>	<u>(109,584)</u>	<u>(9,562)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(132,165)	(135,129)	(2,964)
Fund Balance - Beginning of Year	<u>132,165</u>	<u>135,129</u>	<u>2,964</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER INFORMATION**

**TALLYS REACH METRO DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Percent Increase (Decrease)	Total District Mill Levy	Total Property Taxes		Percent Collected to Levied
				Levied	Collected	
2018	\$ 17,322,969	4.41%	54.128	\$ 937,658	\$ 937,658	100.00 %
2019	17,330,720	0.04	54.128	938,077	938,077	100.00
2020	20,959,797	20.94	54.500	1,142,309	1,141,928	99.97
2021	21,366,577	1.94	54.500	1,164,478	1,164,479	100.00
2022	22,755,413	6.50	32.500	740,689	740,681	100.00
Estimate for Calendar Year Ending December 31, 2023	\$ 21,936,946	(3.60)	10.500	\$ 230,338		

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.



**TALLYNS REACH METRO DISTRICT NO. 3  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**TALLYNS REACH METRO DISTRICT NO. 3  
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**INSERT INDEPENDENT AUDITOR'S REPORT**

(1)

## **BASIC FINANCIAL STATEMENTS**

**TALLYNS REACH METRO DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 3,768
Cash and Investments - Restricted	740,913
Receivable - County Treasurer	13,886
Property Taxes Receivable	3,007,104
Total Assets	3,765,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Refunding	2,530,589
Total Deferred Outflows of Resources	2,530,589
<b>LIABILITIES</b>	
Due to Tallyn's Reach Authority	700
Accrued Interest Payable	99,696
Noncurrent Liabilities:	
Due Within One Year	1,961,000
Due in More Than One Year	39,741,470
Total Liabilities	41,802,866
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	3,007,104
Total Deferred Inflows of Resources	3,007,104
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserve	8,100
Debt Service	645,135
Unrestricted	(39,166,945)
Total Net Position	\$ (38,513,710)

See accompanying Notes to Basic Financial Statements.

(1)

**TALLYS REACH METRO DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:	\$ 253,758	\$ -	\$ -	\$ -	\$ (253,758)
Interest and Related Costs on Long-Term Debt	1,581,705	-	-	-	(1,581,705)
Total Governmental Activities	\$ 1,835,463	\$ -	\$ -	\$ -	(1,835,463)
<b>GENERAL REVENUES</b>					
Property Taxes					2,978,108
Specific Ownership Taxes					188,476
Net Investment Income					44,042
Total General Revenues					3,210,626
<b>CHANGE IN NET POSITION</b>					
					1,375,163
Net Position - Beginning of Year					(39,888,873)
<b>NET POSITION - END OF YEAR</b>					
					\$ (38,513,710)

See accompanying Notes to Basic Financial Statements.

(2)

**TALLYNS REACH METRO DISTRICT NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 3,768	\$ -	\$ 3,768
Cash and Investments - Restricted	8,100	732,813	740,913
Receivable - County Treasurer	1,168	12,718	13,886
Property Taxes Receivable	250,592	2,756,512	3,007,104
Total Assets	<u>\$ 263,628</u>	<u>\$ 3,502,043</u>	<u>\$ 3,765,671</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Tallyn's Reach Authority	\$ -	\$ 700	\$ 700
Total Liabilities	-	700	700
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	250,592	2,756,512	3,007,104
Total Deferred Inflows of Resources	250,592	2,756,512	3,007,104
<b>FUND BALANCE</b>			
Restricted For:			
Emergency Reserve	8,100	-	8,100
Debt Service	-	744,831	744,831
Unassigned:	4,936	-	4,936
Total Fund Balance	<u>13,036</u>	<u>744,831</u>	<u>757,867</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 263,628</u>	<u>\$ 3,502,043</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds

Loss on Refunding	2,530,589
Bonds Payable	(6,110,000)
Bond Premium (Net of Amortization)	(609,470)
Loans Payable	(34,983,000)
Accrued Interest Payable	(99,696)
Net Position of Governmental Activities	<u>\$ (38,513,710)</u>

See accompanying Notes to Basic Financial Statements.

**TALLYNS REACH METRO DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 250,459	\$ 2,727,649	\$ 2,978,108
Specific Ownership Taxes	15,851	172,625	188,476
Net Investment Income	484	43,558	44,042
Total Revenues	<u>266,794</u>	<u>2,943,832</u>	<u>3,210,626</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	3,758	40,937	44,695
Transfers to Tallyn's Reach Authority	250,000	-	250,000
Paying Agent Fees	-	700	700
Bond Interest - Series 2019	-	267,200	267,200
Bond Principal - Series 2019	-	310,000	310,000
Loan Interest - 2020A	-	184,726	184,726
Loan Principal - 2020A	-	508,000	508,000
Loan Interest - 2020B	-	467,443	467,443
Loan Principal - 2020B	-	299,000	299,000
Loan Interest - Series 2021A-1	-	162,893	162,893
Loan Principal - Series 2021A-1	-	410,000	410,000
Loan Interest - Series 2021A-2	-	202,063	202,063
Loan Principal - Series 2021A-2	-	325,000	325,000
Total Expenditures	<u>253,758</u>	<u>3,177,962</u>	<u>3,431,720</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,036</u>	<u>(234,130)</u>	<u>(221,094)</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,036	(234,130)	(221,094)
Fund Balance - Beginning of Year	-	978,961	978,961
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 13,036</u>	<u>\$ 744,831</u>	<u>\$ 757,867</u>

See accompanying Notes to Basic Financial Statements.

(4)



**TALLYNS REACH METRO DISTRICT NO. 3**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE**  
**IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balance - Governmental Fund \$ (221,094)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides 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 similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond Principal Payment - Series 2019	310,000
Loan Principal Payment - Series 2020A	508,000
Loan Principal Payment - Series 2020B	299,000
Loan Principal Payment - Series 2021A-1	410,000
Loan Principal Payment - Series 2021A-2	325,000

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:

Amortization of Bond Premium - Series 2019	81,633
Amortization of Loss on Refunding	(344,465)
Accrued Interest on Debt - Change in Liability	<u>7,089</u>

Change in Net Position of Governmental Activities \$ 1,375,163

See accompanying Notes to Basic Financial Statements.

(5)

**TALLYNS REACH METRO DISTRICT NO. 3  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive – (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 250,523	\$ 250,459	\$ (64)
Specific Ownership Taxes	17,537	15,851	(1,686)
Net Investment Income	-	484	484
Total Revenues	<u>268,060</u>	<u>266,794</u>	<u>(1,266)</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	3,758	3,758	-
Transfers to Tallyn's Reach Authority	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total Expenditures	<u>253,758</u>	<u>253,758</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	14,302	13,036	(1,266)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 14,302</u>	<u>\$ 13,036</u>	<u>\$ (1,266)</u>

See accompanying Notes to Basic Financial Statements.

(6)

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Tallyns Reach Metro District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, 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.

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 has no employees, and all operations and administrative functions are contracted.

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the governmental funds. 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.

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 major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

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 (beginning in 2022) accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, 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 and other financing uses 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 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.

**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 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 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the subsequent year when they are available or collected.

**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.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

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.

**Amortization**

**Original Issue Premium**

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental types recognize bond premiums and discounts, as well as bond issue 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 expenditures.

**Loss on Refunding**

In the government-wide financial statements, the deferred loss on bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred outflows of resources.

**Equity**

**Net Position**

For the government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**TALLYS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance of governmental funds should be reported in classification that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,768
Cash and Investments - Restricted	740,913
Total Cash and Investments	<u>\$ 744,681</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 216
Investments	744,465
Total Cash and Investments	<u>\$ 744,681</u>

**Deposits with Financial Institutions**

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 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 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, 2022, the District's cash deposits had a bank and carrying balance of \$216.



**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments**

The District has adopted a formal investment policy which is consistent with state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2022, the District had the following investments:

Investment		
Colorado Local Government Liquid Asset Trust (COLOTRUST)	\$	744,425
Colorado Surplus Asset Fund Trust (CSAFE)		40
Total	<u>\$</u>	<u>744,465</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**TALLYS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE. CSAFE CASH FUND operations 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, any security allowed under Section 24-75-601.1, C.R.S. CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. 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 custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Net Issues/ Additions	Retirements/ Refundings	Balance - December 31, 2022	Current Portion
Series 2019 - GO Bonds	\$ 6,420,000	\$ -	\$ 310,000	\$ 6,110,000	\$ 325,000
Series 2019 - Premium	691,103	-	81,633	609,470	-
Series 2020A - Loan	7,163,000	-	508,000	6,655,000	545,000
Series 2020B - Loan	15,792,000	-	299,000	15,493,000	336,000
Series 2021A-1 - Loan	5,945,000	-	410,000	5,535,000	425,000
Series 2021A-2 - Loan	7,625,000	-	325,000	7,300,000	330,000
	<u>\$ 43,636,103</u>	<u>\$ -</u>	<u>\$ 1,933,633</u>	<u>\$ 41,702,470</u>	<u>\$ 1,961,000</u>
Total	<u>\$ 43,636,103</u>	<u>\$ -</u>	<u>\$ 1,933,633</u>	<u>\$ 41,702,470</u>	<u>\$ 1,961,000</u>

The detail of the District’s general obligation bonds outstanding during 2022 is as follows:

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$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 maximum debt service mill levy of 54.500. 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.

**\$7,645,000 Taxable Refunding Loan – 2020A**

On November 20, 2020 (Closing Date), the District entered into a Loan Agreement (2020A Loan) with BBVA Mortgage Corporation (the Lender) for a loan of \$7,645,000. The 2020A Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020A Loan was issued to provide funds to refund the District's previous Bonds. The 2020A Loan matures on December 1, 2033. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020A Loan bears interest at a rate of 2.68% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020A Loan will become tax-exempt on September 1, 2022, and the interest rate will be converted to 2.12% per annum. The District may, at its option, prepay the 2020A Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020A Loan to the date of such prepayment. Upon an Event of Default, the 2020A Loan shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the 2020A Loan plus 4.00%. If interest on the 2020A Loan (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the 2020A Loan, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on the 2020A Loan divided by 79%.

The Pledged Revenue for the repayment of the 2020A Loan is a maximum debt service mill levy of 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$7,645,000 Taxable Refunding Loan – 2020A (Continued)**

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$1,027,996, which has been deferred and is being amortized over the life of the Loan. As of December 31, 2022, accumulated amortization totaled \$433,083.

**\$16,030,000 Taxable Refunding Loan – 2020B**

On November 20, 2020 (Closing Date), the District entered into a Loan Agreement (2020B Loan) with BBVA Mortgage Corporation (the Lender) for a loan of \$16,030,000. The 2020B Taxable (Convertible to Tax-Exempt) Loan is evidenced by a promissory note. The 2020B Loan was issued to provide funds to refund the District's previous Bonds. The 2020B Loan matures on December 1, 2038. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2020B Loan bears interest at a rate of 2.96% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The 2020B Loan will become tax-exempt on September 1, 2023, and the interest rate will be converted to 2.34% per annum. The District may, at its option, prepay the 2020B Loan in whole or in part on any interest payment date at a prepayment price equal to the sum of the (a) the principal so prepaid; (b) accrued interest thereon at the rate then borne by the 2020B Loan to the date of such prepayment. Upon an Event of Default, the 2020B Loan shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the 2020B Loan plus 4.00%. If interest on the 2020B Loan (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the 2020B Loan, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on the 2020B Loan divided by 79%.

The Pledged Revenue for the repayment of the 2020B Loan is a maximum debt service mill levy of 54.500 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$2,476,917, which has been deferred and is being amortized over the life of the new debt. As of December 31, 2022, accumulated amortization totaled \$678,606.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$6,220,000 Tax-Exempt Refunding Loan – 2021A-1**

On May 18, 2021 (Closing Date), the District entered into a Loan Agreement (2021A-1 Loan) with BBVA Mortgage Corporation (Lender) for a loan of \$6,220,000. The 2021A-1 Taxable (Converting to Tax-Exempt) Loan is evidenced by a promissory note. The 2021A-1 Loan was issued to provide funds to refund the District's previous Bonds. The 2021A-1 Loan matures on December 1, 2037. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-1 Loan bears interest at a rate of 2.74% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-1 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2029. The District may, at its option, prepay the 2021A-1 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2029. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

As of September 16, 2021, the Loan is Tax-Exempt.

The Pledged Revenue for the repayment of the 2021A-1 Loan is a maximum debt service mill levy of 54.503 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

In the government-wide statements, the District incurred a loss on bond refunding in the amount of \$167,220, which has been deferred and is being amortized over the life of the new debt. As of December 31, 2022, accumulated amortization totaled \$29,855.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$8,025,000 Tax-Exempt Refunding Loan – 2021A-2**

On May 18, 2021 (Closing Date), the District entered into a Loan Agreement (2021A-2 Loan) with BBVA Mortgage Corporation (Lender) for a loan of \$8,025,000. The 2021A-2 Tax-Exempt Loan is evidenced by a promissory note. The 2021A-2 Loan was issued to provide funds to refund the District's previous Bonds. The 2021A-2 Loan matures on December 1, 2035. Principal payments are due on December 1 of each year beginning December 1, 2021. Interest is payable on June 1 and December 1 of each year beginning June 1, 2021. The 2021A-2 Loan bears interest at a rate of 2.65% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable accrual period. The District may, at its option, prepay the 2021A-2 Loan in whole on any interest payment date before June 1, 2026 at a prepayment price equal to par plus accrued interest thereon together with any applicable Yield Maintenance Fee that may apply. If such prepayment occurs on or after December 1, 2026, the prepayment price shall equal par plus accrued interest thereon together with any applicable Yield Maintenance Fee but only through and including June 1, 2028. The District may, at its option, prepay the 2021A-2 loan in part by up to 10% of the initial par amount each year at a prepayment price equal to such principal amount plus accrued interest thereon without Premium or Yield Maintenance Fee. Any partial prepayment in excess of such permitted partial prepayment amount each year shall also be permitted but shall be subject only to any applicable Yield Maintenance Fee that may apply to such additional partial prepayment amount and then only if such additional partial prepayments occur prior to December 1, 2028. Upon an Event of Default, the Loans shall, if elected by the Lender, bear interest at a rate per annum equal to the interest rate then in effect on the Loans plus 4.00%. If interest on the Loans (following any applicable Conversion Date) is determined to not be exempt from taxation as a result of any action or omission of action on the part of the District as provided, then the interest rate on the Loans, if elected by the Lender, shall convert to a rate per annum equal to the rate otherwise then in effect on each of the Loans divided by 79%.

The Pledged Revenue for the repayment of the 2021A-2 Loan is a maximum debt service mill levy of 54.503 mills (which can be adjusted to account for changes in law) and specific ownership taxes.

**Debt Authorization**

As of December 31, 2022, 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.

**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets 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 a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Emergency Reserve	\$ 8,100
Debt Service	645,135
Total Restricted Net Position	<u>\$ 653,235</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds and loans issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 6 AGREEMENTS**

**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 3, 2013, 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.

**Tallyn's Reach Authority Establishment Agreement**

On February 12, 2018, District No. 2 and the District (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.



**TALLYNS REACH METRO DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft 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 (the 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 coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, 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 8 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.

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. As all operating costs are paid by District No. 1, therefore the District 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.

**SUPPLEMENTARY INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 3**  
**DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL**  
**DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,727,688	\$ 2,727,649	\$ (39)
Specific Ownership Taxes	190,938	172,625	(18,313)
Net Investment Income	3,400	43,558	40,158
Total Revenues	<u>2,922,026</u>	<u>2,943,832</u>	<u>21,806</u>
<b>EXPENDITURES</b>			
County Treasurers' Fee	40,915	40,937	(22)
Paying Agent Fees	6,000	700	5,300
Contingency	9,679	-	9,679
Bond Interest - Series 2019	267,200	267,200	-
Bond Principal - Series 2019	310,000	310,000	-
Loan Interest - Series 2020A	181,940	184,726	(2,786)
Loan Principal - Series 2020A	508,000	508,000	-
Loan Interest - Series 2020B	467,443	467,443	-
Loan Principal - Series 2020B	299,000	299,000	-
Loan Interest - Series 2021A-1	162,893	162,893	-
Loan Principal - Series 2021A-1	410,000	410,000	-
Loan Interest - Series 2021A-2	201,930	202,063	(133)
Loan Principal - Series 2021A-2	325,000	325,000	-
Total Expenditures	<u>3,190,000</u>	<u>3,177,962</u>	<u>12,038</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(267,974)	(234,130)	33,844
Fund Balance - Beginning of Year	<u>958,353</u>	<u>978,961</u>	<u>20,608</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 690,379</u>	<u>\$ 744,831</u>	<u>\$ 54,452</u>

**OTHER INFORMATION**

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**YEAR ENDED DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	59,345,649	54.128	3,212,261	3,211,487	99.98
2019	59,856,167	54.128	3,239,895	3,239,857	100.00
2020	65,709,315	54.500	3,581,158	3,580,414	99.98
2021	66,515,064	54.500	3,625,071	3,625,071	100.00
2022	68,448,880	43.510	2,978,211	2,978,108	100.00
Estimated for Year Ending December 31, 2023	\$ 66,824,529	45.000	\$ 3,007,104		

**NOTE:**

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

**TALLYS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2022**

\$7,255,000 General Obligation Refunding Bonds Series 2019 Interest Rate 2.000% - 5.000% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31.	Principal	Interest	Total
2023	\$ 325,000	\$ 251,700	\$ 576,700
2024	345,000	235,450	580,450
2025	360,000	218,200	578,200
2026	365,000	211,000	576,000
2027	380,000	196,400	576,400
2028	400,000	181,200	581,200
2029	415,000	163,950	578,950
2030	435,000	143,200	578,200
2031	460,000	121,450	581,450
2032	480,000	98,450	578,450
2033	505,000	74,450	579,450
2034	530,000	49,200	579,200
2035	545,000	33,300	578,300
2036	565,000	16,950	581,950
Total	\$ 6,110,000	\$ 1,994,900	\$ 8,104,900

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$7,645,000 Taxable (Converting to Tax-Exempt) Refunding Loan Series 2020A Interest Rate 2.12% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31,	Principal	Interest	Total
2023	\$ 545,000	\$ 141,086	\$ 686,086
2024	553,000	129,532	682,532
2025	566,000	117,808	683,808
2026	577,000	105,809	682,809
2027	603,000	93,577	696,577
2028	603,000	80,793	683,793
2029	625,000	68,010	693,010
2030	625,000	54,760	679,760
2031	639,000	41,510	680,510
2032	658,000	27,963	685,963
2033	661,000	14,013	675,013
Total	\$ 6,655,000	\$ 874,861	\$ 7,529,861

**TALLYS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$16,030,000 Taxable (Converting to Tax-Exempt) Refunding Loan Series 2020B Interest Rate 2.34% - 2.96% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31.	Principal	Interest	Total
2023	\$ 336,000	\$ 458,593	\$ 794,593
2024	456,000	448,647	904,647
2025	468,000	435,150	903,150
2026	523,000	421,297	944,297
2027	521,000	405,816	926,816
2028	584,000	390,394	974,394
2029	591,000	373,108	964,108
2030	662,000	355,614	1,017,614
2031	673,000	336,019	1,009,019
2032	730,000	316,098	1,046,098
2033	757,000	294,490	1,051,490
2034	1,495,000	272,083	1,767,083
2035	1,531,000	227,831	1,758,831
2036	1,609,000	182,514	1,791,514
2037	2,229,000	134,887	2,363,887
2038	2,328,000	68,909	2,396,909
Total	\$ 15,493,000	\$ 5,121,450	\$ 20,614,450



**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

\$6,220,000 Taxable (Converting to Tax-Exempt) Refunding Loan Series 2021A-1 Interest Rate 2.74% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31.	Principal	Interest	Total
2023	\$ 425,000	\$ 151,659	\$ 576,659
2024	445,000	140,014	585,014
2025	365,000	127,821	492,821
2026	290,000	117,820	407,820
2027	295,000	109,874	404,874
2028	310,000	101,791	411,791
2029	320,000	93,297	413,297
2030	340,000	84,529	424,529
2031	350,000	75,213	425,213
2032	365,000	65,623	430,623
2033	375,000	55,622	430,622
2034	395,000	45,347	440,347
2035	405,000	34,524	439,524
2036	425,000	23,427	448,427
2037	430,000	11,782	441,782
Total	\$ 5,535,000	\$ 1,238,343	\$ 6,773,343

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

<u>Year Ending December 31.</u>	\$8,025,000 Taxable Tax-Exempt Refunding Loan Series 2021A-2 Interest Rate 2.65% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2023	\$ 330,000	\$ 193,318	\$ 523,318
2024	350,000	184,573	534,573
2025	510,000	175,298	685,298
2026	640,000	161,783	801,783
2027	660,000	144,823	804,823
2028	690,000	127,333	817,333
2029	715,000	109,048	824,048
2030	715,000	90,100	805,100
2031	495,000	71,153	566,153
2032	520,000	58,035	578,035
2033	535,000	44,255	579,255
2034	560,000	30,078	590,078
2035	580,000	15,238	595,238
Total	\$ 7,300,000	\$ 1,405,030	\$ 8,705,030

**TALLYNS REACH METRO DISTRICT NO. 3**  
**SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)**  
**DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	Totals		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	1,961,000	1,196,356	3,157,356
2024	2,149,000	1,138,216	3,287,216
2025	2,269,000	1,074,277	3,343,277
2026	2,395,000	1,017,709	3,412,709
2027	2,459,000	950,490	3,409,490
2028	2,587,000	881,511	3,468,511
2029	2,666,000	807,413	3,473,413
2030	2,777,000	728,203	3,505,203
2031	2,617,000	645,345	3,262,345
2032	2,753,000	566,169	3,319,169
2033	2,833,000	482,830	3,315,830
2034	2,980,000	396,708	3,376,708
2035	3,061,000	310,893	3,371,893
2036	2,599,000	222,891	2,821,891
2037	2,659,000	146,669	2,805,669
2038	2,328,000	68,909	2,396,909
Total	<u>\$ 41,093,000</u>	<u>\$ 10,634,584</u>	<u>\$ 51,727,584</u>