

TALLYNS REACH METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**TALLYNS REACH METRO DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 331,743	\$ 104,776	\$ 132,165
REVENUES			
Property taxes	1,141,928	1,164,479	740,689
Specific ownership taxes	80,950	80,255	51,848
Interest income	1,534	600	1,000
Total revenues	<u>1,224,412</u>	<u>1,245,334</u>	<u>793,537</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>100,022</u>
Total funds available	<u>1,556,155</u>	<u>1,350,110</u>	<u>1,025,724</u>
EXPENDITURES			
General Fund	-	-	252,420
Debt Service Fund	1,451,379	1,217,945	653,075
Total expenditures	<u>1,451,379</u>	<u>1,217,945</u>	<u>905,495</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>100,022</u>
Total expenditures and transfers out requiring appropriation	<u>1,451,379</u>	<u>1,217,945</u>	<u>1,005,517</u>
ENDING FUND BALANCES	<u>\$ 104,776</u>	<u>\$ 132,165</u>	<u>\$ 20,207</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 5,200
AVAILABLE FOR FUTURE DEBT SERVICE	8,748	7,349	-
AVAILABLE FOR OPERATIONS	96,028	124,816	-
TOTAL RESERVE	<u>\$ 104,776</u>	<u>\$ 132,165</u>	<u>\$ 5,200</u>

TALLYNS REACH METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Residential	\$ 20,603,339	\$ 20,619,182	\$ 22,003,724
Commercial	130,865	112,392	104,266
Natural resources	273	273	273
State assessed	225,030	634,730	647,150
Vacant land	290	-	-
Certified Assessed Value	<u>\$ 20,959,797</u>	<u>\$ 21,366,577</u>	<u>\$ 22,755,413</u>
MILL LEVY			
General	0.000	0.000	7.089
Debt Service	54.500	54.500	25.461
Total mill levy	<u>54.500</u>	<u>54.500</u>	<u>32.550</u>
PROPERTY TAXES			
General	\$ -	\$ -	\$ 161,313
Debt Service	1,142,309	1,164,478	579,376
Levied property taxes	<u>1,142,309</u>	<u>1,164,478</u>	<u>740,689</u>
Adjustments to actual/rounding	(381)	1	-
Budgeted property taxes	<u>\$ 1,141,928</u>	<u>\$ 1,164,479</u>	<u>\$ 740,689</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ 161,313
Debt Service	1,141,928	1,164,479	579,376
	<u>\$ 1,141,928</u>	<u>\$ 1,164,479</u>	<u>\$ 740,689</u>

**TALLYNS REACH METRO DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	161,313
Specific ownership taxes	-	-	11,292
Total revenues	<u>-</u>	<u>-</u>	<u>172,605</u>
TRANSFERS IN			
Transfers from Debt Service Fund	<u>-</u>	<u>-</u>	<u>100,022</u>
Total funds available	<u>-</u>	<u>-</u>	<u>272,627</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	2,420
Transfers to TRA	-	-	250,000
Total expenditures	<u>-</u>	<u>-</u>	<u>252,420</u>
Total expenditures requiring appropriation	<u>-</u>	<u>-</u>	<u>252,420</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,207</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,200</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,200</u>

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 331,743	\$ 104,776	\$ 132,165
REVENUES			
Property taxes	1,141,928	1,164,479	579,376
Specific ownership tax	80,950	80,255	40,556
Interest income	1,534	600	1,000
Total revenues	<u>1,224,412</u>	<u>1,245,334</u>	<u>620,932</u>
Total funds available	<u>1,556,155</u>	<u>1,350,110</u>	<u>753,097</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	17,136	17,474	8,691
Banking fees	110	-	-
Transfers to TRA	250,000	250,000	-
Paying agent fees	-	2,000	2,000
Debt Service			
Loan interest - 2012	52,690	35,871	14,384
Loan principal - 2012	715,000	555,000	565,000
Loan interest - 2014	11,282	-	-
Loan principal - 2014	386,366	-	-
Loan principal - 2012 prepayment	-	350,000	55,000
Yield maintenance fee	18,795	7,600	8,000
Total expenditures	<u>1,451,379</u>	<u>1,217,945</u>	<u>653,075</u>
TRANSFERS OUT			
Transfers to General Fund	<u>-</u>	<u>-</u>	<u>100,022</u>
Total expenditures and transfers out requiring appropriation	<u>1,451,379</u>	<u>1,217,945</u>	<u>753,097</u>
ENDING FUND BALANCE	<u>\$ 104,776</u>	<u>\$ 132,165</u>	<u>\$ -</u>
AVAILABLE FOR FUTURE DEBT SERVICE	\$ 8,748	\$ 7,349	\$ -
AVAILABLE FOR OPERATIONS	96,028	124,816	-
TOTAL RESERVE	<u>\$ 104,776</u>	<u>\$ 132,165</u>	<u>\$ -</u>

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Tallyns Reach Metro 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.

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. 2
2022 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 7.00% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

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 7.089 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 2012 Loan which is attached. The District anticipates making a prepayment on the loan in 2022 to pay down the remaining principal balance.

Debt and Leases

\$5,905,000 General Obligation Refunding Loan - 2012

On August 6, 2012 ("Closing Date"), the District entered into a Loan Agreement ("2012 Loan") with Compass Bank ("Lender") for a loan of \$5,905,000. The 2012 Loan is evidenced by a promissory note. The 2012 Loan was issued to provide funds to refund the District's Series 2004 Bonds. The 2012 Loan matures on December 1, 2023. Principal payments are due on December 1 of each year beginning December 1, 2012. Interest is payable on June 1 and December 1 of each year beginning December 1, 2012. The 2012 Loan bears interest at a fixed rate of 2.32% 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 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 3.00% of the outstanding principal, and (d) a Yield Maintenance Fee, if any.

**TALLYNS REACH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

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.

The District advance refunded the Series 2004 Bonds to reduce its total debt service payments over the next 11 years by almost \$765,000 and to obtain an economic gain (difference between the present values of the debt service payments between the old and new debt) of almost \$670,000. In the governmental-wide financial statements, the District incurred a cost of refunding of \$473,108 which has been deferred and is being amortized over the life of the debt.

The District has no operating or capital leases.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

**TALLYN'S REACH METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$5,905,000 General Obligation Refunding Loan 2012
Dated August 6, 2012
Principal due December 1
Interest Rate 2.32% Payable
June 1 and December 1**

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 620,000	\$ 14,384	\$ 634,384
	<u>\$ 620,000</u>	<u>\$ 14,384</u>	<u>\$ 634,384</u>