

**Tallman Gulch
Metropolitan District**

Annual Report
For Fiscal Year 2023

**Submitted to Douglas County
Offices**
September 20, 2024

Also filed with:
Colorado Division of Local Government in the Department of Local Affairs &
Colorado State Auditor

The Tallman Gulch Metropolitan District (the “District”) hereby submits this annual report, as required pursuant to Exhibit K of the Amended and Restated Service Plan of the District dated September 17, 2016 (the “Service Plan”) approved by the Douglas County Board of County Commissioners (the “County”). The 2023 annual report is being submitted to satisfy the reporting requirement for the year 2024, for the year ending December 31, 2023, the District makes the following report:

1. District transparency notice which includes description and general information including board members, title and terms, any change in board membership in the year reporting, district contact information and election information.

See attached exhibit A – Transparency Notice

2. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.

No boundary changes have occurred since the organization of the District. No boundary changes are currently proposed for the District.

3. Intergovernmental agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.

The District did not enter into or proposed to enter into any intergovernmental agreements in 2023.

4. List and description of services and facilities authorized in the Service Plan and any extraterritorial services, facilities, and agreements.

As of December 31, 2023, there were no new services and/or facilities authorized or any extraterritorial services, facilities or agreements.

5. Status of the District’s development progress and construction of the public improvements as of December 31 of the prior year.

As of December 31, 2023, the District’s construction of all intended public improvements was completed.

6. Audit of the District’s financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

See attached Exhibit B – 2023 Audit.

7. The assessed valuation of the District for the current year.

The assessed valuation for the District for 2024 is \$8,501,420.

8. Current year budget.

The Board of Directors of the District adopted its 2024 budget on November 29, 2023, and a copy is attached hereto as Exhibit C.

9. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument.

There is currently no uncured default by the District.

10. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

There is currently no inability on the part of the District to pay its obligations as they come due in accordance with the terms of such obligations.

EXHIBIT A

SPECIAL DISTRICT TRANSPARENCY NOTICE - 2024
Pursuant to section 32-1-809, Colorado Revised Statutes

This information must be provided to the eligible electors of the District between November 16, and January 15.

Table 1: 2024 Transparency Notice

Name of Special District	TALLMAN GULCH METROPOLITAN DISTRICT
Address and Telephone Number of Districts Principal Business Office	7995 E Prentice Ave Suite 103E Greenwood Village, CO 80111 303-381-4960
Name and Telephone Number of Manager or Other Primary Contact	Kayla Blair, District Manager 303-381-4974 kblair@crsofcolorado.com Sue Blair, Sr. District Manager 303-381-4960 sbliar@crsofcolorado.com
District's Website Address	http://tallmangulchmd.com
Time and Place Designated for Regular Board Meetings	Special meetings are scheduled as needed by via video conference or telephone conference, physical location is at Community Resource Services of Colorado, LLC, 7995 E. Prentice Ave., Suite 103E, Greenwood Village, CO
Posting Place Designated for Meeting Notice	The Board designates the following location as the District's physical posting places for notices of meetings, in addition to any website, social media account or other official online present of the District approved by the Board, pursuant to §24-6-402(2)(c), C.R.S. 7703 Grande River Cout, Parker, Colorado http://tallmangulchmd.com
District Mill Levy	58.741 mills certified for collection in 2024
Total Ad Valorem Tax Revenue Received by District During 2023	\$399,266 (unaudited)
Names of Board Members	Tim Craft, Chair This office will be on the May 2027 ballot. Randy Roberts This office will be on the May 2027 ballot. Stephanie Stewart This office will be on the May 2025 ballot. Andrew Stewart This office will be on the May 2025 ballot. vacant This office will be on the May 2025 ballot.
For Seven-Member Boards	N/A
Date of Next Regular Election	May 6, 2025
Self-Nomination Forms to be a Candidate for District Board Member may be Obtained from	Dianne Miller, Designated Election Official c/o Miller Law Offices, pllc 1555 California Street #505 Denver, CO 80202 (303) 285-5320
Self-Nomination forms to be a Candidate for District Board Member Should be Returned to	Dianne Miller, Designated Election Official c/o Miller Law Offices, pllc 1555 California Street #505

	Denver, CO 80202 (303) 285-5320
Completed Self-Nomination forms must be Received by the District by	February 28, 2025, no later than 3:00pm
District Election Results will be Posted on These Websites	Secretary of State: www.sos.state.co.us

Applications to Request Permanent Mail-in Voter Status	May be Obtained From:
Notice Completed by	Rhonda S. Bilek Assistant Manager Email: rbilek@crsofcolorado.com Notice Dated: 8/2024 Some information may be subject to change.

File a copy of this Notice with:

- Clerk and Recorder of each county in which District is wholly or partially located;
- Division of Local Government; and
- District's principal business office (make available for public inspection)

EXHIBIT B

TALLMAN GULCH METROPOLITAN DISTRICT


Douglas County, Colorado


FINANCIAL STATEMENTS


December 31, 2023



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditors' Report

To the Board of Directors
Tallman Gulch Metropolitan District

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Tallman Gulch Metropolitan District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Tallman Gulch Metropolitan District, as of December 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tallman Gulch Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tallman Gulch Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tallman Gulch Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tallman Gulch Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the report, as listed in the table of contents. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Haynie & Company

Littleton, Colorado
May 16, 2024

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BASIC FINANCIAL STATEMENTS

TALLMAN GULCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments - restricted	\$ 839,318
Receivable from county treasurer	2,394
Property taxes receivable	499,382
Capital assets, not being depreciated	1,407,480
Total assets	2,748,574
 LIABILITIES	
Accounts payable	6,531
Accrued interest payable	1,573,284
Noncurrent liabilities:	
Due within one year	135,000
Due in more than one year	9,522,763
Total liabilities	11,237,578
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	499,382
Deferred gain on refunding	2,376,999
Total deferred inflows of resources	2,876,381
 NET POSITION (DEFICIT)	
Restricted for:	
Emergency reserves	1,500
Unrestricted	(11,366,885)
Total net position (deficit)	\$ (11,365,385)

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

**TALLMAN GULCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 53,384	\$ -	\$ -	\$ -	\$ (53,384)
Interest and other costs on long-term debt	583,316	-	-	-	(583,316)
	<u>\$ 636,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(636,700)</u>
General revenues:					
Property taxes					399,267
Specific ownership taxes					37,025
Impact fees					45,000
Interest					33,109
Total general revenues					<u>514,401</u>
Change in net position					(122,299)
Net position (deficit) - beginning of year					(11,243,086)
Net position (deficit) - end of year					<u>\$ (11,365,385)</u>

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

**TALLMAN GULCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General	Debt Service and Improvements	Total Governmental Funds
ASSETS			
Cash and investments - restricted	\$ -	\$ 839,318	\$ 839,318
Receivable from county treasurer	225	2,169	2,394
Property taxes receivable	46,996	452,386	499,382
Due from other funds	-	120,189	120,189
Total assets	\$ 47,221	\$ 1,414,062	\$ 1,461,283
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,531	\$ -	\$ 6,531
Due to other funds	120,189	-	120,189
Total liabilities	126,720	-	126,720
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	46,996	452,386	499,382
Total deferred inflows of resources	46,996	452,386	499,382
FUND BALANCES (DEFICIT)			
Restricted for:			
Emergency reserves	1,500	-	1,500
Debt service	-	961,676	961,676
Unassigned	(127,995)	-	(127,995)
Total fund balances (deficit)	(126,495)	961,676	835,181
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)			
	\$ 47,221	\$ 1,414,062	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,407,480
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Bond refunding gain, net	(2,376,999)
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:	
Bonds payable	(9,310,000)
Developer advances payable	(347,763)
Accrued interest on long-term obligations	(1,573,284)
Net position of governmental activities	\$ (11,365,385)

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

TALLMAN GULCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service and Improvements</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 37,574	\$ 361,693	\$ 399,267
Specific ownership taxes	3,484	33,541	37,025
Impact fees	-	45,000	45,000
Interest	148	32,961	33,109
Total revenues	<u>41,206</u>	<u>473,195</u>	<u>514,401</u>
EXPENDITURES			
<u>General</u>			
Audit	9,636	-	9,636
County treasurer fees	566	5,446	6,012
District management and accounting	22,296	-	22,296
Dues and subscriptions	283	-	283
Election	789	-	789
Insurance and bonds	3,725	-	3,725
Legal	4,748	-	4,748
Maintenance	5,895	-	5,895
<u>Debt service</u>			
Bond principal - Series 2018A	-	100,000	100,000
Bond interest - Series 2018A	-	379,050	379,050
Paying agent fees	-	9,929	9,929
Total expenditures	<u>47,938</u>	<u>494,425</u>	<u>542,363</u>
NET CHANGE IN FUND BALANCE	(6,732)	(21,230)	(27,962)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(119,763)</u>	<u>982,906</u>	<u>863,143</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (126,495)</u>	<u>\$ 961,676</u>	<u>\$ 835,181</u>

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

**TALLMAN GULCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

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

Net change in fund balances - total governmental funds	\$ (27,962)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Amortization of gain on refunding	103,724
Bond principal payments	100,000
	203,724

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in accrued interest on long-term liabilities	(298,061)
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Change in net position of governmental activities	\$ (122,299)
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These financial statements should be read only in connection with the accompanying notes to financial statements.

TALLMAN GULCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 37,574	\$ 37,574	\$ 37,574	\$ -
Specific ownership taxes	2,630	3,600	3,484	(116)
Interest	100	108	148	40
Total revenues	<u>40,304</u>	<u>41,282</u>	<u>41,206</u>	<u>(76)</u>
EXPENDITURES				
Audit	8,500	9,636	9,636	-
County treasurer fees	564	564	566	(2)
District management and accounting	15,000	23,000	22,296	704
Dues and subscriptions	600	300	283	17
Election	1,000	800	789	11
Insurance and bonds	4,000	3,725	3,725	-
Legal	7,500	5,500	4,748	752
Maintenance	-	5,900	5,895	5
Emergency reserve	1,200	1,200	-	1,200
Total expenditures	<u>38,364</u>	<u>50,625</u>	<u>47,938</u>	<u>2,687</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,940</u>	<u>(9,343)</u>	<u>(6,732)</u>	<u>2,611</u>
OTHER FINANCING SOURCES				
Developer advances	50,000	50,000	-	(50,000)
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	51,940	40,657	(6,732)	(47,389)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(49,452)</u>	<u>(119,763)</u>	<u>(119,763)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 2,488</u>	<u>\$ (79,106)</u>	<u>\$ (126,495)</u>	<u>\$ (47,389)</u>

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

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

Tallman Gulch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on May 2, 2006 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was organized to finance, acquire and construct certain public improvements, including streets and safety controls, water and storm service, park and recreation facilities, mosquito control and television relay.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other District organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds, notes, and developer advances are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The Debt Service and Improvements Fund accounts for the resources accumulated and payments made for principal, interest and related expenses on long-term general obligation debt and for the acquisition and construction of public infrastructure and capital assets of the governmental funds.

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

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are carried at fair value.

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 due in 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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land and infrastructure assets (streets, water, sanitation, parks and recreation and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issuance Costs and Deferred Gain on Refunding

In the government-wide financial statements, the deferred gain on refunding is being amortized over the term of the bonds using the straight-line method. At December 31, 2023, the accumulated amortization of the deferred gain on refunding was \$622,344.

Deferred Inflows of Resources

In addition to liabilities, the statement of net 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 revenue continues to be recognized when earned in the government-wide statements. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and deferred gain on refunding, are deferred and recognize as inflows of resources in the period that the amount becomes available.

Fund Balances – Governmental Funds

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

Non-spendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

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

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

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

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balance – amounts that are available for any purpose.

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

Fees

The District imposes impact fees on property within the District. The fees are required to be paid prior to the issuance of a building permit by the City. The District records the revenue when the fees are paid and received. These are restricted for capital expenses per state statute and are pledged revenue for 2018A Bond.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying statement of net position as follows:

Cash and investments - restricted	\$ <u>839,318</u>
Total cash and investments	\$ <u><u>839,318</u></u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with financial institutions	\$ 149,750
Investments	<u>689,568</u>
Total cash and investments	\$ <u><u>839,318</u></u>

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

As of December 31, 2023, the District's cash deposits had a bank and carrying balance of \$149,750.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, 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 disclosure requirements or subject to investment custodial risk 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.

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	\$ <u>689,568</u>

During 2023, the District invested in COLOTRUST PLUS+, one of the three portfolios offered by the Colorado Local Government Liquid Asset Trust (Colostrust). Colostrust is 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 Colostrust. The COLOTRUST PLUS+ fund operates similarly to a money market fund. COLOTRUST PLUS+ may invest in U.S. treasury securities and repurchase agreements collateralized by U.S. treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for ColoTrust portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. Colostrust is rated AAAM by S&P Global Ratings.

Cash and investments of \$839,318 are restricted in the Debt Service and Improvements Fund for servicing the District's bond debt (Note 5) and for the payment of project costs.

Investment Valuation

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in Colostrust at year end for which the investment valuations were determined as follows.

Colostrust determines the NAV of the shares of COLOTRUST PLUS+ as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolio, less any liabilities, by the total outstanding shares of the portfolio. Liabilities, which include all expenses and fees of Colostrust, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of COLOTRUST PLUS+ to maintain a NAV of \$1.00 per share,

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

however, changes in interest rates may affect the fair value of the securities held by COLOTRUST PLUS+ and there can be no assurance that the NAV will not vary from \$1.00 per share. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period.

NOTE 4 – CAPITAL ASSETS

The following is an analysis of the change in capital assets for the year ended December 31, 2023:

<u>Governmental Activities</u>	<u>Balance at December 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 1,407,480	\$ -	\$ -	\$ 1,407,480
Total capital assets, not being depreciated	1,407,480	-	-	1,407,480
Governmental activities capital assets	<u>\$ 1,407,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,407,480</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
<i>Bonded debt</i>					
G.O. Refunding and Improvement Bonds, Series 2018A	\$ 7,220,000	\$ -	\$ 100,000	\$ 7,120,000	\$ 135,000
G.O. Refunding and Improvement Bonds, Series 2018B	1,360,000	-	-	1,360,000	-
Junior Lien Limited Tax G.O. Bonds, Series 2018C	830,000	-	-	830,000	-
Total bonded debt	<u>9,410,000</u>	<u>-</u>	<u>100,000</u>	<u>9,310,000</u>	<u>135,000</u>
<i>Other long-term liabilities</i>					
Developer advances	347,763	-	-	347,763	-
Total other long-term liabilities	<u>347,763</u>	<u>-</u>	<u>-</u>	<u>347,763</u>	<u>-</u>
Total	<u>\$ 9,757,763</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 9,657,763</u>	<u>\$ 135,000</u>

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

A description of the long-term obligations as of December 31, 2023 is as follows:

Direct Borrowing Debt:

Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A

On January 12, 2018, the District issued Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (Series 2018A Senior Bonds) in the principal amount of \$7,275,000. The Series 2018A Senior Bonds were issued for the purpose of providing funds for (i) reimbursement of a portion of the costs of acquiring, constructing and installing certain public improvements, (ii) defeasance of the 2011 Bonds, (iii) funding the senior reserve fund (iv) funding a portion of interest to accrued on the Series 2018A Senior Bonds and (v) payment of costs in connection with the issuance of the Series 2018A Senior Bonds.

Interest on the Series 2018A Senior Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2018, at an interest rate of 5.25%. The Series 2018A Senior Bonds are secured by and payable from senior pledged revenue which consists of the moneys derived by the District from the following sources: (i) the senior required mill levy; (ii) capital fees, which includes impact fees, (iii) the portion of the specific ownership tax which is collected as a result of imposition of the senior required mill levy; and (iv) any other legally available monies which the District determines to transfer to the trustee for application as senior pledged revenue. The senior required mill levy is defined, generally, as an ad valorem mill levy imposed on all taxable property of the District each year in an amount that is sufficient to pay the Series 2018A Senior Bonds, but not in excess of 50 mills. The Series 2018A Senior Bonds are also secured by amounts held by the trustee in the reserve fund. The required reserve fund amount is \$324,800. As of December 31, 2023, the balance of the reserve fund was \$326,968.

The Series 2018A Senior Bonds are subject to optional redemption, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2022, and on any date thereafter, at the redemption price of 103% prior to December 1, 2023, 102% prior to December 1, 2024, 101% prior to December 1, 2025, and 100% on and after December 1, 2025, together with interest accrued and unpaid thereon to the date fixed for redemption.

Significant events of default under the bond include (i) failure to impose the Senior required mill levy or to apply pledged revenue as required, (ii) failure to meet financial performance of the covenants, agreements, or conditions and failure to remedy the same after notice, (iii) a petition if filed for bankruptcy or insolvency.

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2018A Senior Bonds:

	Principal	Interest	Total
2024	135,000	373,800	508,800
2025	85,000	366,713	451,713
2026	125,000	362,250	487,250
2027	130,000	355,688	485,688
2028	150,000	348,862	498,862
2029-2033	935,000	1,614,639	2,549,639
2034-2038	1,345,000	1,328,251	2,673,251
2039-2043	1,885,000	921,639	2,806,639
2044-2047	2,330,000	339,150	2,669,150
	\$ 7,120,000	\$ 6,010,992	\$ 13,130,992

There was a gain on the refunding in the amount of \$2,999,343 which is included as a deferred inflow of resources in the statement of net position, net of accumulated amortization of \$622,344.

Direct Placement Debt:

Subordinate Limited Tax General Obligation Bonds Series 2018B

On January 12, 2018, the District issued its \$1,360,000 Subordinate Limited Tax General Obligation Bonds, Series 2018B (Series 2018B Bonds). The Series 2018B Bonds are structured as cash flow bonds, have estimated scheduled payments of principal starting in 2028 and are subordinate to the Series 2018A Senior Bonds. The Series 2018B Bonds were issued for the purpose of providing funds for reimbursement of a portion of the costs of acquiring, constructing and installing certain public improvements and payment of costs in connection with the issuance of the Series 2018B Senior Bonds.

Interest on the Series 2018B Bonds is payable annually on December 15, commencing December 15, 2020, at an interest rate of 8.0%. Unpaid interest on the Series 2018B Bonds will compound annually on each December 15. Both interest and principal are payable solely from and only to extent of available subordinate pledged revenue which consists of the moneys derived by the District from the following sources: (i) the subordinate required mill levy; (ii) subordinate capital fees, (iii) the portion of the specific ownership tax which is collected as a result of imposition of the subordinate required mill levy; and (iv) any other legally available monies which the District determines to transfer to the trustee for application as subordinate pledged revenue.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The subordinate required mill levy is defined, generally, as an ad valorem mill levy imposed in an amount of 50 mills less the ad valorem mill levy required to be used, paid, pledged, or otherwise applied in connection with any senior bonds, including the Series 2018A Senior Bonds.

The Series 2018B Bonds are subject to optional redemption prior to maturity, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2022, and on any date thereafter, at the redemption price of 103% prior to December 15, 2023, 102% prior to December 15, 2024, 101% prior to December 15, 2025 and 100% on and after December 15, 2025, together with interest accrued and unpaid thereon to the date fixed for redemption.

Significant events of default under the bond include (i) failure to impose the Subordinate required mill levy or to apply pledged revenue as required, (ii) failure to meet financial performance of the covenants, agreements, or conditions and failure to remedy the same after notice, (iii) a petition if filed for bankruptcy or insolvency.

The 2018B Bonds are cash flow bonds, therefore no debt amortization schedule is presented.

Junior Lien Limited Tax General Obligation Bonds Series 2018C

On January 12, 2018, the District issued its \$830,000 Junior Lien Limited Tax General Obligation Bonds, Series 2018C (Series 2018C Bonds). The Series 2018C Bonds are structured as cash flow bonds, have no scheduled payments of principal prior to the final maturity date and are subordinate to the Series 2018A Senior Bonds and the Series 2018B Bonds. The Series 2018C Bonds were issued for the purpose of providing funds for reimbursement of a portion of the costs of acquiring, constructing and installing certain public improvements. Interest on the Series 2018B Bonds is payable annually on December 15, commencing December 15, 2035 at an interest rate of 9.0%. Unpaid interest on the Series 2018C Bonds will compound annually on each December 15. Both interest and principal are payable solely from and only to extent of available junior lien pledged revenue which consists of the moneys derived by the District from the following sources: (i) the junior lien required mill levy; (ii) junior lien capital fees, (iii) the portion of the specific ownership tax which is collected as a result of imposition of the junior lien required mill levy; and (iv) any other legally available monies which the District determines to transfer to the trustee for application as junior lien pledged revenue. The junior lien required mill levy is defined, generally, as an ad valorem mill levy imposed in an amount of 50 mills less the ad valorem mill levy required to be used, paid, pledged, or otherwise applied in connection with any senior/subordinate bonds, including the Series 2018A Senior Bonds and Series 2018B Bonds.

The Series 2018C Bonds are subject to optional redemption prior to maturity, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

December 21, 2022, and on any date thereafter, at the redemption price of 103% prior to December 15, 2023, 102% prior to December 15, 2024, 101% prior to December 15, 2025, and 100% on and after December 15, 2025, together with interest accrued and unpaid thereon to the date fixed for redemption.

Significant events of default under the bond include (i) failure to impose the Junior required mill levy or to apply pledged revenue as required, (ii) failure to meet financial performance of the covenants, agreements, or conditions and failure to remedy the same after notice, (iii) a petition if filed for bankruptcy or insolvency.

The 2018C Bonds are cash flow bonds, therefore no debt amortization schedule is presented.

Developer Advances

Advance and Reimbursement Agreements by and between Tallman Gulch Metropolitan District and CRAFT-AREP III Tallman Associates, LLC

The District entered into an Advance and Reimbursement Agreement with CRAFT-AREP III Tallman Associates, LLC (CRAFT-AREP) on March 3, 2015 (the Advance and Reimbursement Agreement) to establish the terms and conditions pursuant to which CRAFT-AREP would make advances for operations and maintenance costs to the District and the District would reimburse CRAFT-AREP for the advances. Under the Advance and Reimbursement Agreement, the District is required to reimburse CRAFT-AREP for advances with interest at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations, capital improvements and debt service costs and expenses of the District. Amounts payable under the Advance and Reimbursement Agreement are subordinate to any bonded indebtedness of the District. As of December 31, 2023, there was \$347,763 in principal and \$190,260 in accrued and unpaid interest outstanding under the District's Advance and Reimbursement Agreement.

Authorized Debt

At December 31, 2023, the District has authorized debt of \$42,000,000 and unissued indebtedness of \$32,322,250. The District has not budgeted to issue any new debt during 2024.

NOTE 6 – FUND EQUITY

At December 31, 2023, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,500 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – FUND EQUITY (CONTINUED)

The restricted fund balance in the amount of \$961,676 is to be used exclusively for debt service requirements.

Unassigned Fund Balance

The District anticipates that the deficit unassigned fund balance in the amount of \$127,995 will be eliminated with developer advances.

NOTE 7 - NET POSITION (DEFICIT)

The District's net position (deficit) consists of two components – restricted and unrestricted.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31, 2023 consists of \$1,500 for emergency reserves.

In the government-wide financial statements, the District's unrestricted net deficit as of December 31, 2023, totaled \$11,366,885, primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

NOTE 8 - RELATED PARTIES

All of the members of the Board of Directors of the District are employees, owners or otherwise associated with CRAFT-AREP, and may have conflicts of interest in dealing with the District. The District entered into an Advance and Reimbursement Agreement dated March 3, 2015, with CRAFT-AREP (see Note 5). Specific details of transactions with CRAFT-AREP regarding organization, advances and debt are described elsewhere in these notes.

NOTE 9 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

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

**TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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 May 2, 2006, a majority of the District's electors authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever, other than ad valorem taxes, as a voter-approved revenue change without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution and without limiting in any year the amount of other revenues that may be collected and spent by the District.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

TALLMAN GULCH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE AND IMPROVEMENTS FUND
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 361,692	\$ 361,693	\$ 1
Specific ownership taxes	25,318	33,541	8,223
Impact fees	-	45,000	45,000
Interest	6,000	32,961	26,961
Total revenues	<u>393,010</u>	<u>473,195</u>	<u>80,185</u>
EXPENDITURES			
County treasurer fees	5,425	5,446	(21)
Bond principal - Series 2018	100,000	100,000	-
Bond interest - Series 2018	379,050	379,050	-
Paying agent fees	10,500	9,929	571
Total expenditures	<u>494,975</u>	<u>494,425</u>	<u>550</u>
NET CHANGE IN FUND BALANCE	(101,965)	(21,230)	80,735
FUND BALANCE - BEGINNING OF YEAR	<u>962,471</u>	<u>982,906</u>	<u>20,435</u>
FUND BALANCE - END OF YEAR	<u>\$ 860,506</u>	<u>\$ 961,676</u>	<u>\$ 101,170</u>

OTHER INFORMATION

**TALLMAN GULCH METROPOLITAN DISTRICT
SCHEDULE OF BOND DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023**

\$7,275,000

**Limited Tax General Obligation Refunding
and Improvement Bonds, Series 2018A**

Dated January 1, 2018

Interest Rate of 5.25%

Interest due on June 1 and December 1

Principal due on December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 135,000	\$ 373,800	\$ 508,800
2025	85,000	366,713	451,713
2026	125,000	362,250	487,250
2027	130,000	355,688	485,688
2028	150,000	348,862	498,862
2029	155,000	340,988	495,988
2030	175,000	332,850	507,850
2031	185,000	323,663	508,663
2032	205,000	313,950	518,950
2033	215,000	303,188	518,188
2034	235,000	291,900	526,900
2035	245,000	279,563	524,563
2036	270,000	266,700	536,700
2037	285,000	252,525	537,525
2038	310,000	237,563	547,563
2039	325,000	221,288	546,288
2040	355,000	204,225	559,225
2041	375,000	185,588	560,588
2042	405,000	165,900	570,900
2043	425,000	144,638	569,638
2044	460,000	122,325	582,325
2045	480,000	98,175	578,175
2046	520,000	72,975	592,975
2047	870,000	45,675	915,675
	<u>\$ 7,120,000</u>	<u>\$ 6,010,992</u>	<u>\$ 13,130,992</u>

**TALLMAN GULCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2012	\$ 815,470	55.000	\$ 44,851	\$ 44,851	100.00%
2013	\$ 815,522	55.000	\$ 44,854	\$ 48,154	107.36%
2014	\$ 531,508	55.000	\$ 29,233	\$ 28,786	98.47%
2015	\$ 531,370	55.000	\$ 29,225	\$ 29,226	100.00%
2016	\$ 513,130	55.000	\$ 28,223	\$ 28,222	100.00%
2017	\$ 737,710	55.000	\$ 40,574	\$ 40,574	100.00%
2018	\$ 1,883,220	58.741	\$ 110,622	\$ 110,622	100.00%
2019	\$ 4,346,780	58.741	\$ 255,334	\$ 252,073	98.72%
2020	\$ 4,993,440	58.741	\$ 293,320	\$ 246,174	83.93%
2021	\$ 5,148,050	67.741	\$ 348,733	\$ 340,232	97.56%
2022	\$ 6,360,140	60.078	\$ 382,105	\$ 382,105	100.00%
2023	\$ 6,797,070	58.741	\$ 399,266	\$ 399,267	100.00%

Estimated for
the year ending
December 31,
2024

\$ 8,501,420	58.741	\$ 499,382
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.

EXHIBIT C

BUDGET RESOLUTION

(2024)

CERTIFIED COPY OF RESOLUTION

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

At the special meeting of the Board of Directors of Tallman Gulch Metropolitan District, County of Douglas, Colorado, held at 1:00 PM on Wednesday, November 29, 2023 Via Zoom <https://us06web.zoom.us/j/82610408712?pwd=3yAb5Q5c37sLdDVBaGhipzonkITLCK.1>
Meeting ID: 826 1040 8712 , Passcode: 359580

present were Directors:

- Tim Craft
- Randy Roberts
- Stephanie Stewart
- Andrew Stewart
- Jeff Keeley

Also present were Dianne Miller of Miller & Associates Law Offices, LLC (“District Counsel”) and Sue Blair of Community Resource Services of Colorado, LLC

District Counsel reported that, prior to the meeting, legal counsel had notified each of the directors of the date, time and place of this meeting and the purpose for which it was called. District Counsel further reported that this is a special meeting of the Board of Directors of the District and that a notice of the meeting was posted on the District website at <http://crsofcolorado.com/tallman-gulch-md/> and at the Douglas County Clerk and Recorder’s Office, and to the best of their knowledge, remains posted to the date of this meeting.

Thereupon, Director Roberts introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAY THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE TALLMAN GULCH METROPOLITAN DISTRICT, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024 AND ENDING ON THE LAST DAY OF DECEMBER, 2024.

WHEREAS, the Board of Directors (the “Board”) of the Tallman Gulch Metropolitan District (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2023; and

WHEREAS, the proposed 2024 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on November 23, 2023 in the Douglas County News-Press, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 1:00 PM on Wednesday, November 29, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TALLMAN GULCH METROPOLITAN DISTRICT, DOUGLAS COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2024 Revenues and 2024 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2024, as more specifically set forth in the budget attached hereto, are approved and adopted as the budget of the District for fiscal year 2024.

Section 3. 2024 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the General Fund for operating expenses is \$46,996, and that the 2024 valuation for assessment, as certified by the Douglas County Assessor, is \$8,501,420. That for the purposes of meeting all general operating expenses of the District during the 2024 budget year, there is hereby levied a tax of 5.528 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2024.

Section 4. 2024 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$452,386 and that the 2024 valuation for assessment, as certified by the Douglas County Assessor, is \$8,501,420. That for the purposes of meeting all debt retirement expenses of the District during the 2024 budget year, there is hereby levied a tax 53.213 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2024.

Section 5. Certification to Board of County Commissioners. That the attorney, accountant or manager for the District is hereby authorized and directed to certify to the Douglas County Board of County Commissioners, no later than December 15, 2023, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

Section 6. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 7. Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

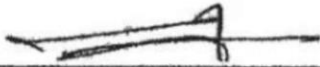
The foregoing Resolution was seconded by Director Roberts.

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 29, 2023.


TALLMAN GULCH METROPOLITAN DISTRICT

TALLMAN GULCH METROPOLITAN
DISTRICT

Attest:



Timothy Craft, President



Randall Roberts, Secretary/Treasurer

STATE OF COLORADO
COUNTY OF DOUGLAS
TALLMAN GULCH METROPOLITAN DISTRICT

I, Randy Roberts, hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of Tallman Gulch Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 1:00 PM on Wednesday, November 29, 2023, via Zoom, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2024; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 29, 2023.



Randall Roberts, Secretary/Treasurer

TALLMAN GULCH METROPOLITAN DISTRICT
GENERAL FUND
2024 ADOPTED BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,

	2022	2023	2024
	Actual	Estimated	Adopted
REVENUES			
Property taxes	\$ 36,009	\$ 37,574	\$ 46,996
Specific ownership taxes	3,185	4,939	3,290
Interest	94	108	100
Miscellaneous	18	-	-
Total revenues	39,306	42,621	50,386
EXPENDITURES			
Audit	8,261	9,636	9,600
County treasurer fees	541	564	700
District management and accounting	14,585	17,000	15,000
Dues	573	300	600
Election	-	800	-
Insurance	3,370	3,725	4,200
Legal	9,960	5,500	5,000
Maintenance	-	5,900	-
Miscellaneous	948	-	-
Emergency reserve	-	1,200	1,600
Total expenditures	38,238	44,625	36,700
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES	1,068	(2,004)	13,686
OTHER FINANCING SOURCES			
Developer advances	-	50,000	60,000
Total other financing sources	-	50,000	60,000
NET CHANGE IN FUND BALANCE	1,068	47,996	73,686
BEGINNING FUND BALANCE (DEFICIT)	(120,831)	(119,763)	(71,767)
ENDING FUND BALANCE (DEFICIT)	\$ (119,763)	\$ (71,767)	\$ 1,919

**TALLMAN GULCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2024 ADOPTED BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>2022 Actual</u>	<u>2023 Estimated</u>	<u>2024 Adopted</u>
REVENUES			
Property taxes	\$ 346,096	\$ 361,692	\$ 452,386
Specific ownership taxes	30,605	47,532	31,667
Impact fees	165,000	45,000	45,000
Interest	9,900	25,071	6,000
Total revenues	<u>551,601</u>	<u>479,295</u>	<u>535,053</u>
EXPENDITURES			
County treasurer fees	5,205	5,425	6,786
Debt service - principal	55,000	100,000	135,000
Debt service - interest	381,938	379,050	373,800
Paying agent fees	8,907	10,500	10,500
Total expenditures	<u>451,050</u>	<u>494,975</u>	<u>526,086</u>
NET CHANGE IN FUND BALANCE	100,551	(15,680)	8,967
BEGINNING FUND BALANCE	<u>882,355</u>	<u>982,906</u>	<u>967,226</u>
ENDING FUND BALANCE	<u>\$ 982,906</u>	<u>\$ 967,226</u>	<u>\$ 976,193</u>

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO The County Commissioners of Douglas County, Colorado
On behalf of the Tallman Gulch Metro District
the Board of Directors
of the Tallman Gulch Metropolitan District**

Hereby officially certifies the following mills to be levied against the taxing entity's **GROSS** assessed valuation of: **\$8,501,420** Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area the tax levies must be calculated using the NET AV. The taxing entity 's total property tax revenue will be derived from the mill levy multiplied against the **NET** assessed valuation of: **\$8,501,420.**

Submitted: *Marcos Pacheco* for budget/fiscal year 2024

PURPOSE	LEVY	REVENUE
1. General Operating Expenses	5.528 mills	\$46,996
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	-0.000 mills	-\$0
SUBTOTAL FOR GENERAL OPERATING:	5.528 mills	\$46,996
3. General Obligation Bonds and Interest	53.213 mills	\$452,386
4. Contractual Obligations	0.000 mills	\$0
5. Capital Expenditures	0.000 mills	\$0
6. Refunds/Abatements	0.000 mills	\$0
7. Other	0.000 mills	\$0
8. Judgment	0.000 mills	\$0
TOTAL:	58.741 mills	\$499,382

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.). Use additional pages as necessary.

The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND, CONTRACT, OTHER, AND/OR JUDGMENT:

BONDS

- Purpose of Issue: Capital Improvements
 Series: 2018
 Date of Issue: 2018-01-12
 Coupon Rate: 5.25

Maturity Date:	2047-12-01
Levy:	53.213
Revenue:	\$452,386

CONTRACTS

No Contracts Available

OTHER

No Other Available

JUDGMENT

No Judgment Available

Explanation of Change:

Generated On Thu, 15 Dec 2022

TALLMAN GULCH METROPOLITAN DISTRICT

2024 BUDGET MESSAGE

Services Provided

Through its Service Plan, Tallman Gulch Metropolitan District is authorized to finance certain drainage, water, streets, traffic and safety controls, parks and recreation, television relay and translation, and mosquito control.

Accounting Method

The basis of accounting utilized in the preparation of the 2024 budget is on a modified accrual basis. The District's 2024 budget includes projected revenues and expenditures for its general fund and debt service fund. The District reports its financial status in conformance with Statement No. 34 of the Governmental Accounting Standard Board's 'Basis of Financial Statements and Management Discussion and Analysis for State and Local Governments.'

Revenue

The District has adopted a 5.528 mill levy, yielding \$46,996 in property taxes for general fund expenses, and a debt service mill levy of 53.213 (as required by its bond covenants), yielding \$452,386 in property taxes. The Assessed Value for tax year 2024 is \$8,501,420. Specific ownership taxes are in the same proportion as property taxes with most of the revenue going towards debt service.

Debt

The District issued its \$9,465,000 Limited Tax General Obligation Bonds, Series 2018 on January 12, 2018. This debt is payable from ad valorem property taxes and bears a maturity date of December 1, 2047.

Expenditures

Administrative expenses are primarily for District legal services, insurance, accounting and utility costs.

Funds Available

The District's budget revenues exist from the collection of property tax and specific ownership taxes and developer advances. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment.

Leases

The District has no leases.

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year revenue for 2024, as defined under Tabor.