

TALLMAN GULCH METROPOLITAN DISTRICT

Douglas County, Colorado

FINANCIAL STATEMENTS

Year Ended December 31, 2024

with

Independent Auditors' Report

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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, 2024, 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, 2024, 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 supplementary 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

July 29, 2025

BASIC FINANCIAL STATEMENTS

TALLMAN GULCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments - restricted	\$ 1,638,044
Receivable from county treasurer	3,353
Property taxes receivable	605,981
Capital assets, not being depreciated	1,407,480
Total assets	<u>3,654,858</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	1,588,508
Total deferred outflows of resources	<u>1,588,508</u>
LIABILITIES	
Accounts payable	9,719
Accrued interest payable	686,964
Noncurrent liabilities:	
Bonds payable	12,852,022
Developer advances payable	6,547,518
Total liabilities	<u>20,096,223</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	605,981
Total deferred inflows of resources	<u>605,981</u>
NET POSITION (DEFICIT)	
Restricted for:	
Emergency reserves	3,400
Unrestricted	(15,462,238)
Total net position (deficit)	<u><u>\$ (15,458,838)</u></u>

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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 117,229	\$ -	\$ 1,048	\$ -	\$ (116,181)
Conveyance or dedication of assets	7,074,971	-	-	-	(7,074,971)
Interest and other costs on long-term debt	(2,482,653)	-	-	-	2,482,653
	<u>\$ 4,709,547</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ -</u>	<u>(4,708,499)</u>
General revenues:					
Property taxes					500,229
Specific ownership taxes					37,406
Impact fees					30,000
Interest					47,411
Total general revenues					<u>615,046</u>
Change in net position					(4,093,453)
Net position (deficit) - beginning of year					(11,365,385)
Net position (deficit) - end of year					<u>\$ (15,458,838)</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, 2024

	<u>General</u>	<u>Debt Service and Improvements</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments - restricted	\$ -	\$ 1,638,044	\$ 1,638,044
Receivable from county treasurer	316	3,037	3,353
Property taxes receivable	57,028	548,953	605,981
Due from other funds	-	175,824	175,824
Total assets	<u>\$ 57,344</u>	<u>\$ 2,365,858</u>	<u>\$ 2,423,202</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,719	\$ -	\$ 9,719
Due to other funds	175,824	-	175,824
Total liabilities	<u>185,543</u>	<u>-</u>	<u>185,543</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	57,028	548,953	605,981
Total deferred inflows of resources	<u>57,028</u>	<u>548,953</u>	<u>605,981</u>
FUND BALANCES (DEFICIT)			
Restricted for:			
Emergency reserves	3,400	-	3,400
Debt service	-	1,816,905	1,816,905
Unassigned	(188,627)	-	(188,627)
Total fund balances (deficit)	<u>(185,227)</u>	<u>1,816,905</u>	<u>1,631,678</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u><u>\$ 57,344</u></u>	<u><u>\$ 2,365,858</u></u>	

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 outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Bond refunding loss, net	1,588,508
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:	
Bond discount	147,978
Bonds payable	(13,000,000)
Developer advances payable	(6,547,518)
Accrued interest on long-term obligations	(686,964)
Net position of governmental activities	<u><u>\$ (15,458,838)</u></u>

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, 2024

	<u>General</u>	<u>Debt Service and Improvements</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 47,076	\$ 453,153	\$ 500,229
Specific ownership taxes	3,521	33,885	37,406
Grants	1,048	-	1,048
Impact fees	-	30,000	30,000
Interest	43	47,368	47,411
Total revenues	<u>51,688</u>	<u>564,406</u>	<u>616,094</u>
EXPENDITURES			
<u>General</u>			
Audit	15,975	-	15,975
County treasurer fees	702	6,809	7,511
District management and accounting	38,913	-	38,913
Dues and subscriptions	280	-	280
Insurance and bonds	3,800	-	3,800
Legal	50,705	-	50,705
Miscellaneous	45	-	45
<u>Debt service</u>			
Costs of issuance	-	356,359	356,359
Bond interest - Series 2018A	-	186,900	186,900
Paying agent fees	-	10,034	10,034
Repayment of developer advances - principal	-	852,644	852,644
Repayment of developer advances - interest	-	98,733	98,733
Underwriter discount	-	195,000	195,000
<u>Capital improvements</u>			
Capital outlay	-	7,074,971	7,074,971
Total expenditures	<u>110,420</u>	<u>8,781,450</u>	<u>8,891,870</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(58,732)	(8,217,044)	(8,275,776)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	13,000,000	13,000,000
Developer advances	-	7,052,399	7,052,399
Sale of land	-	94,558	94,558
Bond discount	-	(153,848)	(153,848)
Payment to refunding agent	-	(10,920,836)	(10,920,836)
Total other financing sources (uses)	<u>-</u>	<u>9,072,273</u>	<u>9,072,273</u>
NET CHANGE IN FUND BALANCE	(58,732)	855,229	796,497
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(126,495)</u>	<u>961,676</u>	<u>835,181</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (185,227)</u>	<u>\$ 1,816,905</u>	<u>\$ 1,631,678</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, 2024**

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

Net change in fund balances - total governmental funds	\$ 796,497
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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:

Bond proceeds	(13,000,000)	
Bond discount	153,848	
Gain on extinguishment of 2018 bonds	2,376,999	
Developer advances	(7,052,399)	
Payment to refunding agent	10,920,836	
Repayment of developer advances - principal	852,644	(5,748,072)

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. In addition, some expenses in the statement of activities do require the use of financial resources and, therefore, are not reported as expenditures in governmental funds. The net effect of these differences is as follows:

Capital outlay	7,074,971
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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:

Bond discount amortization	(5,870)	
Conveyance or dedication of assets	(7,074,971)	
Debt refunding deferred loss amortization	(22,328)	
Net change in accrued interest on long-term liabilities	886,320	(6,216,849)

Change in net position of governmental activities	\$ (4,093,453)
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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, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 46,996	\$ 47,075	\$ 47,076	\$ 1
Specific ownership taxes	3,290	3,500	3,521	21
Grants	-	1,048	1,048	-
Interest	100	50	43	(7)
Total revenues	50,386	51,673	51,688	15
EXPENDITURES				
Audit	9,600	16,000	15,975	25
County treasurer fees	700	702	702	-
District management and accounting	15,000	40,000	38,913	1,087
Dues and subscriptions	600	280	280	-
Insurance and bonds	4,200	3,800	3,800	-
Legal	5,000	51,000	50,705	295
Miscellaneous	-	-	45	(45)
Emergency reserve	1,600	-	-	-
Total expenditures	36,700	111,782	110,420	1,362
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	13,686	(60,109)	(58,732)	1,377
OTHER FINANCING SOURCES				
Developer advances	60,000	-	-	-
Total other financing sources	60,000	-	-	-
NET CHANGE IN FUND BALANCE	73,686	(60,109)	(58,732)	1,377
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(71,767)	(126,495)	(126,495)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 1,919	\$ (186,604)	\$ (185,227)	\$ 1,377

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, 2024

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, 2024

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, 2024

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, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issuance Costs and Deferred Loss on Refunding

In the government-wide financial statements, the deferred loss on refunding is being amortized over the term of the bonds using the straight-line method. At December 31, 2024, the accumulated amortization of the deferred loss on refunding was \$1,588,508.

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, 2024

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 2024 Bond.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying statement of net position as follows:

Cash and investments - restricted	\$ 1,638,044
Total cash and investments	<u>\$ 1,638,044</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 288,858
Investments	<u>1,349,186</u>
Total cash and investments	<u>\$ 1,638,044</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, 2024

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, 2024, the District's cash deposits had a bank balance of \$303,278 and carrying balance of 288,858.

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, 2024**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
BOK Financial – Invesco Treasury Portfolio – Class Personal	Weighted average under 60 days	<u>\$ 1,349,186</u>

During 2024, the District invested in Invesco Treasury Portfolio – Class Personal. The Fund primarily invests its assets in U.S. Treasury Obligations backed by full faith and credit of the U.S. government maturing within 397 calendar days of the date of purchase, with certain exceptions permitted by applicable regulations, and repurchase agreements fully collateralized by U.S. Treasury Obligations.

The Fund is a Government Money Market Fund, as defined by rule 2a-7 under the Investment Company Act of 1940, as amended (Rule 2a-7), that seeks to maintain a stable price of \$1.00 per share by using the amortized cost method to value portfolio securities and rounding the share value to the nearest cent.

Cash and investments of \$1,638,044 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 BOK Financial at year end for which the investment valuations were determined as follows.

BOK Financial determines the NAV of the shares of Invesco Treasury Portfolio – Class Personal as of the close of business on each day. Each Fund values portfolio securities on the basis of amortized cost, which approximates market value. This method of valuation is designed to enable a Fund to price its shares at \$1.00 per share. The Fund cannot guarantee that their net asset value will always remain at \$1.00 per share.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 4 – CAPITAL ASSETS

The following is an analysis of the change in capital assets for the year ended December 31, 2024:

Governmental Activities	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Capital assets, not being depreciated:				
Land and improvements	\$ 1,407,480	\$ 7,074,971	\$ 7,074,971	\$ 1,407,480
Total capital assets, not being depreciated	1,407,480	7,074,971	7,074,971	1,407,480
Governmental activities capital assets	<u>\$ 1,407,480</u>	<u>\$ 7,074,971</u>	<u>\$ 7,074,971</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, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
<i>Bonded debt</i>					
G.O. Refunding and Improvement Bonds, Series 2018A	\$ 7,120,000	\$ -	\$ 7,120,000	\$ -	\$ -
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	-	-
G.O. and Special Revenue Refunding and Improvement Bonds, Series 2024 Discount, Series 2024	- -	13,000,000 (153,848)	- (5,870)	13,000,000 (147,978)	- -
Total bonded debt	<u>\$ 9,310,000</u>	<u>\$ 12,846,152</u>	<u>\$ 9,304,130</u>	<u>\$ 12,852,022</u>	<u>\$ -</u>
<i>Other long-term liabilities</i>					
Developer advances					
Infrastructure acquisition	\$ -	\$ 7,052,399	\$ 852,644	\$ 6,199,755	\$ -
Operation & maintenance	347,763	-	-	347,763	-
Total other long-term liabilities	<u>\$ 347,763</u>	<u>\$ 7,052,399</u>	<u>\$ 852,644</u>	<u>\$ 6,547,518</u>	<u>\$ -</u>
Total	<u>\$ 9,657,763</u>	<u>\$ 19,898,551</u>	<u>\$ 10,156,774</u>	<u>\$ 19,399,540</u>	<u>\$ -</u>

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

A description of the long-term obligations as of December 31, 2024 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 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.

On August 22, 2024, the District obtained a general obligation refunding and improvement bond which defeased the senior bond.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.

On August 22, 2024, the District obtained a general obligation refunding and improvement bond which defeased the subordinate bond.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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.

On August 22, 2024, the District obtained a general obligation refunding and improvement bond which defeased the subordinate bond.

Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2024

On August 22, 2024, the District issued Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2024 (Series 2024 Bonds) in the principal amount of

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

\$13,000,000. Proceeds of the Series 2024 Bonds were issued for the purpose of (i) financing the costs of certain public improvements that benefit the District, (ii) refunding the District's Series 2018A Bonds, Series 2018B Bonds, and Series 2018C Bonds, (iii) funding a debt service reserve fund and (iv) payment costs in connection with the issuance of the Series 2024 Bonds.

Interest on the Series 2024 Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2025, at an interest rate of 6.75%. The 2024 Bonds are secured by and payable from pledged revenue which consists of the monies derived by the District from the following sources: (i) the required mill levy; (ii) 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 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 2024 Bonds, but not in excess of 50 mills. The Series 2024 Bonds are also secured by amounts held by the trustee in the reserve fund. The required reserve fund amount is \$1,284,615. As of December 31, 2024, the balance of the reserve fund was \$1,299,631.

The Series 2024 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, 2034, and on any date thereafter, at the redemption price of 103% prior to December 1, 2035, 102% prior to December 1, 2036, 101% prior to December 1, 2037, and 100% on and after December 1, 2038, 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 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.

There was a loss on the refunding in the amount of \$1,610,836 which is included as a deferred outflow of resources in the statement of net position, net of accumulated amortization of \$22,328.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 2024 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	-	1,118,813	1,118,813
2026	140,000	877,500	1,017,500
2027	150,000	868,050	1,018,050
2028	175,000	857,925	1,032,925
2029	285,000	846,113	1,131,113
2030-2034	1,830,000	3,904,538	5,734,538
2035-2039	2,590,000	3,192,413	5,782,413
2040-2044	3,665,000	2,181,263	5,846,263
2045-2048	4,165,000	720,225	4,885,225
	<u>\$ 13,000,000</u>	<u>\$ 14,566,838</u>	<u>\$ 27,566,838</u>

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, 2024, there was \$347,763 in principal and \$214,604 in accrued and unpaid interest outstanding under the District's Advance and Reimbursement Agreement.

Amounts due are released from payment as of April 29, 2025 see Note 11.

Infrastructure Acquisition Agreement

The District entered into an Infrastructure Acquisition Agreement with CRAFT-AREP III Tallman Associates, LLC (CRAFT-AREP) on March 3, 2015, amended on July 6, 2017, for the purpose of providing certain public improvements, facilities and services to and for the use and benefit of the District. The District has requested CRAFT-AREP to design and construct these improvements on behalf of the District with the understanding that the District would acquire

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

these improvements from CRAFT-AREP. 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 Infrastructure Acquisition Agreement are subordinate to any bonded indebtedness of the District. As of December 31, 2024, there was \$6,199,755 in principal and \$157,922 in accrued and unpaid.

Amounts due are released from payment as of April 29, 2025 see Note 11.

Authorized Debt

At December 31, 2024, the District has no authorized debt under the service plan.

NOTE 6 – FUND EQUITY

At December 31, 2024, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$3,400 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.

The restricted fund balance in the amount of \$1,816,905 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 \$188,627 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, 2024 consists of \$3,400 for emergency reserves.

In the government-wide financial statements, the District's unrestricted net deficit as of December 31, 2024, totaled \$15,462,238, primarily due to capital improvements that were

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 7 - NET POSITION (DEFICIT) (CONTINUED)

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 and the Infrastructure Acquisition Agreement dated March 3, 2015 amended July 6, 2017 (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.

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.

TALLMAN GULCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

NOTE 11 SUBSEQUENT EVENTS

On April 29, 2025 the District approved the Termination of Advance and Reimbursement Agreement for Operations and Maintenance Costs and Infrastructure Acquisition Agreement and Waiver and Release of Unpaid Reimbursement Rights and Unpaid Payment due Thereunder (The Termination Agreement). The District and Craft-AREP III Tallman Associates, LLC entered into the Operations and Maintenance Funding Agreement on March 3, 2025 and the Infrastructure Acquisition Agreement on March 3, 2015 amended on July 6, 2017. Amounts due under both of these agreement will be released in 2025. (See Note 5)

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, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 452,386	\$ 453,153	\$ 453,153	\$ -
Specific ownership taxes	31,667	31,667	33,885	2,218
Impact fees	45,000	45,000	30,000	(15,000)
Interest	6,000	40,000	47,368	7,368
Total revenues	535,053	569,820	564,406	(5,414)
EXPENDITURES				
<u>Debt Service</u>				
County treasurer fees	6,786	6,809	6,809	-
Costs of issuance	-	400,000	356,359	43,641
Bond principal - Series 2018	135,000	-	-	-
Bond interest - Series 2018	373,800	186,900	186,900	-
Paying agent fees	10,500	10,500	10,034	466
Repayment of developer advances - principal	-	852,644	852,644	-
Repayment of developer advances - interest	-	98,733	98,733	-
Underwriter discount	-	195,000	195,000	-
<u>Capital Improvements</u>				
Capital outlay	-	7,100,000	7,074,971	25,029
Total expenditures	526,086	8,850,586	8,781,450	69,136
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	8,967	(8,280,766)	(8,217,044)	63,722
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	13,000,000	13,000,000	-
Bond discount	-	(153,848)	(153,848)	-
Developer advances	-	7,052,399	7,052,399	-
Sale of land	-	94,558	94,558	-
Payment to refunding agent	-	(10,920,836)	(10,920,836)	-
Total other financing sources (uses)	-	9,072,273	9,072,273	-
NET CHANGE IN FUND BALANCE	8,967	791,507	855,229	63,722
FUND BALANCE - BEGINNING OF YEAR	967,226	961,676	961,676	-
FUND BALANCE - END OF YEAR	\$ 976,193	\$ 1,753,183	\$ 1,816,905	\$ 63,722

OTHER INFORMATION

**TALLMAN GULCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

December 31, 2024

\$13,000,000

**Limited Tax General Obligation and Special Revenue Refunding
And Improvement Bonds**

Series 2024

Dated August 22, 2024

Interest Rate 6.75%

Interest payable June 1 and December 1; Principal due December 1

	Principal	Interest	Total
2025	\$ -	\$ 1,118,813	\$ 1,118,813
2026	140,000	877,500	1,017,500
2027	150,000	868,050	1,018,050
2028	175,000	857,925	1,032,925
2029	285,000	846,113	1,131,113
2030	320,000	826,875	1,146,875
2031	335,000	805,275	1,140,275
2032	365,000	782,663	1,147,663
2033	390,000	758,025	1,148,025
2034	420,000	731,700	1,151,700
2035	440,000	703,350	1,143,350
2036	485,000	673,650	1,158,650
2037	515,000	640,913	1,155,913
2038	560,000	606,150	1,166,150
2039	590,000	568,350	1,158,350
2040	640,000	528,525	1,168,525
2041	680,000	485,325	1,165,325
2042	730,000	439,425	1,169,425
2043	775,000	390,150	1,165,150
2044	840,000	337,838	1,177,838
2045	890,000	281,138	1,171,138
2046	960,000	221,063	1,181,063
2047	1,400,000	156,263	1,556,263
2048	915,000	61,763	976,763
	<u>\$ 13,000,000</u>	<u>\$ 14,566,838</u>	<u>\$ 27,566,838</u>

**TALLMAN GULCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2024**

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	
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%
2024	\$ 8,501,420	58.741	\$ 499,382	\$ 499,382	100.00%

Estimated for
the year ending
December 31,
2025

\$ 10,316,150 58.741 \$ 605,981

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.