

**2022 ANNUAL REPORT
TALLGRASS METROPOLITAN DISTRICT**

As required by Section 32-1-207(3)(c), C.R.S., the following report of the activities of Tallgrass Metropolitan District (the “**District**”) from January 1, 2022 to December 31, 2022 is hereby submitted.

- A. Boundary changes made: No boundary changes were made or proposed during 2022.
- B. Intergovernmental Agreements entered into or terminated: No intergovernmental agreements were entered into or terminated during 2022.
- C. Access information to obtain a copy of rules and regulations adopted: The District has not adopted any rules and regulations as of December 31, 2022. In the event the District adopts such in the future, they may be accessed at the offices of Centennial Consulting Group, 2619 Canton Court, Suite A, Fort Collins, Colorado 80525, or on the District’s website: <https://ccgcolorado.com/tallgrass/>.
- D. Summary of litigation involving the District’s public improvements: The District was not involved in any litigation during 2022.
- E. Status of the District’s construction of public improvements: The District has completed the construction of its public improvements.
- F. Conveyances or dedications of facilities or improvements, constructed by the District, to Arapahoe County: No facilities or improvements constructed by the District were conveyed or dedicated to the County during 2022.
- G. Final assessed valuation of the District for the reporting year: \$26,799,513
- H. Current year’s budget: A copy of the District’s 2023 budget is attached hereto as **Exhibit A**.
- I. Audited financial statements for the reporting year (or application for exemption from audit): A copy of the 2022 Audit is attached hereto as **Exhibit B**.
- J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument: To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
- K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period: To our knowledge, the District has been able to pay its obligations as they come due

EXHIBIT A
2023 BUDGET

RESOLUTION NO. 2022-12-03

RESOLUTION TO ADOPT 2023 BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
TALLGRASS METROPOLITAN DISTRICT, ARAPAHOE COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2023**

- A. The Board of Directors of Tallgrass Metropolitan District (the “**District**”) has appointed Centennial Consulting Group, LLC, to prepare and submit a proposed budget to said governing body at the proper time.
- B. Centennial Consulting Group, LLC, has submitted a proposed budget to this governing body on October 15, 2022 for its consideration.
- C. Upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 7, 2022, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.
- D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.
- E. 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.
- F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.
- G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
TALLGRASS METROPOLITAN DISTRICT, ARAPAHOE COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.
2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION TO ADOPT BUDGET AND
APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED on December 7, 2022.

**TALLGRASS METROPOLITAN
DISTRICT**

By: *Kathleen Chandler*
Kathleen Chandler (Jan 27, 2023 08:15 MST)
Kathleen Chandler, President

Attest:

By: *Chad Stowe*
Chad Stowe (Jan 26, 2023 15:20 MST)
Chad Stowe, Secretary

EXHIBIT A

Budget

I, Chad Stowe, hereby certify that I am the duly appointed Secretary of the Tallgrass Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Tallgrass Metropolitan District held on December 7, 2022.

Chad Stowe

Chad Stowe (Jan 26, 2023 15:20 MST)

Chad Stowe, Secretary

TALLGRASS METROPOLITAN DISTRICT

2023 Budget Message

Introduction

The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the annual debt service on the District's Debt, as well as the expenditures for general operation of the District.

Operating taxes are levied on \$26,799,513 of assessed property and \$3,269,521 of assessed property is exempt from operating levies. The District's mill levy increased to 34.500 mills for taxes collected in the 2023 fiscal year, with 32.500 mills dedicated to the Debt Service Fund and 2.000 mills dedicated to the General Fund.

The District was formed in 2002 for the purpose of providing design, financing, acquisition, and construction of certain infrastructure improvements, including water, streets, sanitary sewer, park and recreation, and traffic and safety controls. When appropriate, these improvements have been dedicated to Arapahoe County or such other entities for the use and benefit of the District taxpayers and service users.

Budgetary Basis of Accounting

The District uses fund accounting principles to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The total District budget comprises the various funds. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

Fund Summaries

The General Fund is used to account for revenue sources traditionally associated with government, such as property taxes and specific ownership tax. Expenditures include District administration, legal services, and other expenses related to statutory operations of a local government.

The Debt Service Fund is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense, which includes principal payments, interest payments, and administrative costs associated with debt issues. See the debt summary included with the budget.

Emergency Reserve

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year expenditures in the General Fund.

TALLGRASS METROPOLITAN DISTRICT
2023 Budget Message

Debt Summary

Tallgrass Metropolitan District Tax-Exempt Note Series 2016, Issued July 7, 2016		
Year	Principal	Interest
2023	600,000	345,465
2024	630,000	330,550
2025	650,000	313,040
2026	11,325,000	295,095
Total	13,205,000	1,284,150

Tallgrass Metropolitan District 2023 Budget

Modified Accrual Basis

General Fund

	2021	2022	2022	
	Actual	Budget	Estimated	2023 Budget
Beginning Fund Balance	244,826	244,826	252,387	252,387
Income				
Interest Revenue	150	750	5,409	3,786
Property Taxes	53,177	68,577	68,577	53,599
Specific Ownership Taxes	3,665	4,115	4,329	3,216
Tax Related Interest	20	-	26	-
Senior/Veterans Tax	-	-	-	-
Total Income	57,012	73,442	78,341	60,601
Expense				
<i>General and Administration</i>				
Management & Accounting Services	12,600	13,800	13,800	15,360
Legal	25,975	15,000	10,000	15,000
Audit/Tax Prep	5,850	8,500	7,818	8,500
Election	-	15,000	2,380	15,000
Insurance	3,088	3,242	3,088	3,242
Treasurers Fees	798	1,029	1,029	804
Office	186	100	520	500
Dues and Compliance	308	369	322	338
Other Administrative	-	-	-	-
Directors Pay	600	900	900	900
Payroll Expenses	46	69	69	69
<i>Other</i>				
Contingency	-	15,433	-	6,500
Total Expenses	49,451	73,442	39,926	66,213
Excess Revenues (Expenses)	7,561	-	38,415	(5,612)
Ending Fund Balance	252,387	244,826	290,802	246,775

Tallgrass Metropolitan District 2023 Budget

Modified Accrual Basis

Debt Service Fund

	2021 Actual	2022 Budget	2022	2023 Budget
			Estimated Actual	
Beginning Fund Balance	531,435	542,917	543,114	543,114
Income				
Interest Revenue	314	5,000	14,210	5,431
Property Tax	888,479	923,659	923,659	977,244
Specific Ownership Tax	61,233	55,420	58,312	58,635
Tax Related Interest	348	-	343	-
Total Income	950,374	984,079	996,524	1,035,879
Expense				
Legal	-	3,000	-	-
Treasurers Fees	13,332	13,855	13,860	14,659
Bank Fees	113	50	-	100
Principal - Notes	550,000	580,000	580,000	600,000
Extra Principal - Notes	-	-	-	100,000
Interest - Notes	375,250	360,752	360,752	345,470
Contingency	-	-	-	-
Total Expenses	938,695	957,657	954,612	1,060,229
Excess Revenues (Expenses)	11,679	26,422	41,912	(24,350)
Ending Fund Balance	543,114	569,339	585,026	518,764

Assessed Valuations

Assessed Valuation	26,588,708	27,430,629	26,799,513
Operating Levy	2.000	2.500	2.000
Debt Levy	30.000	30.000	32.500
Assessed Valuation - Bonds Only	3,027,262	3,357,994	3,269,521
Mill Levy	30.000	30.000	32.500

Tallgrass Metropolitan District 2023 Budget

Modified Accrual Basis

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Interest Revenue	150	750	5,409	3,786
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Total Income	57,012	73,442	78,341	60,601
Expense				
<i>General and Administration</i>				
Management & Accounting Services	12,600	13,800	13,800	15,360
Legal	25,975	15,000	10,000	15,000
Audit/Tax Prep	5,850	8,500	7,818	8,500
Election	-	15,000	2,380	15,000
Insurance	3,088	3,242	3,088	3,242
Treasurers Fees	798	1,029	1,029	804
Office	186	100	520	500
Dues and Compliance	308	369	322	338
Other Administrative	-	-	-	-
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<i>Other</i>				
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Tallgrass Metropolitan District 2023 Budget

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Assessed Valuations

Assessed Valuation	26,588,708	27,430,629	26,799,513
Operating Levy	2.000	2.500	2.000
Debt Levy	30.000	30.000	32.500
Assessed Valuation - Bonds Only	3,027,262	3,357,994	3,269,521
Mill Levy	30.000	30.000	32.500

EXHIBIT B
2022 AUDIT

Tallgrass Metropolitan District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2022

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Tallgrass Metropolitan District
Arapahoe County, Colorado

We have audited the financial statements of governmental activities and the governmental funds of the Tallgrass Metropolitan District (the "District"), as of and for the year ended December 31, 2022 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Tallgrass Metropolitan District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued

Auditor's 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 auditor's 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 US GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements – continued

In performing an audit in accordance with US GAAS, 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 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 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.

Other Matters

Required Supplementary Information

The Board of Directors have opted to omit the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such omitted information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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 omitted information.

Supplementary Information

Our audit was conducted with the purpose of forming an opinion on the basic financial statements of the Tallgrass Metropolitan District taken as a whole. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marc, James & Associates PC

Highlands Ranch, CO
September 18, 2023

BASIC FINANCIAL STATEMENTS

Tallgrass Metropolitan District

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2022

	Governmental Funds			Adjustments	Statement of Net Position
	General Fund	Debt Service Fund	Total		
ASSETS					
Cash and cash equivalents	\$ 307,597	\$ 574,815	\$ 882,412	\$ -	\$ 882,412
Property taxes receivable	53,599	977,243	1,030,842	-	1,030,842
Due from County Treasurer	320	4,305	4,625	-	4,625
Due from other funds	-	5,889	5,889	(5,889)	-
Prepaid expenses	495	-	495	-	495
Total assets	\$ 362,011	\$ 1,562,252	\$ 1,924,263	(5,889)	1,918,374
LIABILITIES					
Accounts payable	\$ 7,500	\$ -	\$ 7,500	-	7,500
Accrued interest payable	-	-	-	29,340	29,340
Due to other funds	5,889	-	5,889	(5,889)	-
Long-term liabilities					
Due within one year	-	-	-	600,000	600,000
Due after one year	-	-	-	12,505,000	12,505,000
Total liabilities	13,389	-	13,389	13,128,451	13,141,840
DEFERRED INFLOWS OF RESOURCES					
Property taxes	53,599	977,243	1,030,842	-	1,030,842
FUND BALANCE/NET POSITION					
FUND BALANCE					
Nonspendable	495	-	495	(495)	-
Restricted	1,100	585,009	586,109	(586,109)	-
Unassigned	293,428	-	293,428	(293,428)	-
Total fund balance	295,023	585,009	880,032	(880,032)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 362,011	\$ 1,562,252	\$ 1,924,263		
NET POSITION					
Restricted				1,100	1,100
Debt service				585,009	585,009
Unrestricted (deficit)				(12,840,417)	(12,840,417)
Total net position				\$(12,254,308)	\$ (12,254,308)

The accompanying notes are an integral part of these statements

Tallgrass Metropolitan District

STATEMENT OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year ended December 31, 2022

	Governmental Funds			Adjustments	Statement of Activities
	General Fund	Debt Service Fund	Total		
Expenditures/Expenses					
Operating					
Audit	\$ 7,818	\$ -	\$ 7,818	\$ -	\$ 7,818
Dues and fees	322	-	322	-	322
Directors' fees	300	-	300	-	300
Election	2,380	-	2,380	-	2,380
Insurance	3,088	-	3,088	-	3,088
Legal	6,430	-	6,430	-	6,430
Office	212	-	212	-	212
Management and accounting	13,800	-	13,800	-	13,800
Storage	330	-	330	-	330
Treasurer's fee	1,029	13,859	14,888	-	14,888
Debt service					
Principal payments	-	580,000	580,000	(580,000)	-
Interest expense	-	360,752	360,752	(1,298)	359,454
Total expenditures/expenses	35,709	954,611	990,320	(581,298)	409,022
General Revenue					
Property taxes	68,577	923,628	992,205	-	992,205
Specific ownership taxes	4,329	58,312	62,641	-	62,641
Interest	5,439	14,566	20,005	-	20,005
Total general revenue	78,345	996,506	1,074,851	-	1,074,851
Change in Fund Balance	42,636	41,895	84,531	(84,531)	-
Change in Net Position	-	-	-	665,829	665,829
Fund balance/net position					
Beginning of the year	252,387	543,114	795,501	(13,715,638)	(12,920,137)
End of the year	\$ 295,023	\$ 585,009	\$ 880,032	\$ (13,134,340)	\$ (12,254,308)

The accompanying notes are an integral part of these statements

Tallgrass Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year ended December 31, 2022

	Original and Final Budget	Actual	Variance
Revenue			
Property taxes	\$ 68,577	\$ 68,577	\$ -
Specific ownership taxes	4,115	4,329	214
Interest	750	5,439	4,689
	<u>73,442</u>	<u>78,345</u>	<u>4,903</u>
Total revenue	73,442	78,345	4,903
Expenditures			
Operating			
Audit	8,500	7,818	682
Contingency	15,433	-	15,433
Directors' fees	900	300	600
Dues and fees	369	322	47
Elections	15,000	2,380	12,620
Insurance	3,242	3,088	154
Legal	15,000	6,430	8,570
Management and accounting	13,800	13,800	-
Office	169	212	(43)
Storage	-	330	(330)
Treasurer's fee	1,029	1,029	-
	<u>73,442</u>	<u>35,709</u>	<u>37,733</u>
Total expenditures	73,442	35,709	37,733
Change in Fund Balance	<u>\$ -</u>	42,636	<u>\$ 42,636</u>
Fund Balance			
Beginning of the year		<u>252,387</u>	
End of the year		<u>\$ 295,023</u>	

The accompanying notes are an integral part of these statements

Tallgrass Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tallgrass Metropolitan District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was established pursuant to the provisions of Title 32 of the Colorado Revised Statutes, Colorado Special District Act in December 2002, as a quasi-municipal corporation and is governed by a five-member Board of Directors.

The District was established to provide for the acquisition, construction, installation and completion of improvements within the District. The District’s service area is located in Arapahoe County, Colorado.

All operation and administrative functions of the District are performed by a contract third party.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Reporting Framework

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the *governmental-type activities* of the District, which rely to a significant extent on property and specific ownership taxes. The Statement of Activities demonstrates the degree to which expenses of the *governmental-type activities* are supported by property and specific ownership taxes. The government-wide financial statements are prepared using the accrual basis of accounting.

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Tallgrass Metropolitan District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Measurement Focus and Financial Reporting Framework - continued

Governmental Funds

The District maintains two individual governmental funds. The governmental funds information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund and the Debt Service Fund, both which are considered to be major funds.

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits, savings accounts and money market accounts.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, property taxes receivable, accounts payable, accrued liabilities and deferred inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2022, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP may involve the use of management estimates that could affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates would be based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

6. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Arapahoe County bills and collects the property taxes on behalf of the District and remits the collections, less the Treasurer's fees, to the District on a monthly basis. As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

Tallgrass Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund and Debt Service Fund. An annual appropriated budget is adopted at the total fund expenditure level and the annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado Revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District's Manager submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. After the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

A public hearing is held at a regular District Board of Directors' meeting to allow public input on the proposed operating budget.

On or before December 15, the operating budget is adopted by the Board of Directors through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized by the Board of Directors to transfer the budgeted amounts within the function and objects of the Fund(s). The District's Board of Directors must approve revisions that change the total expenditures of the Fund(s). Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation in certain circumstances. The State of Colorado Revised Statutes requires balanced budgets.

For 2022, the budgeted revenue exceeded the budgeted expenditures in the Debt Service Fund by \$26,422. It is anticipated that excess revenues will be used in subsequent years.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2022, all of the District's deposits were either insured by the FDIC or held in eligible depositories.

Tallgrass Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE C – CASH AND INVESTMENTS – *continued*

At December 31, 2022, the District had \$854,180 invested in the Colorado Local Government Liquid Trust (“COLOTRUST”), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of the U.S. government agencies. The District’s investments are in the COLOTRUST PLUS+ portfolio. COLOTRUST is rated AAAM by Standard & Poor’s.

NOTE D – LONG -TERM DEBT

Note Payable – PNC Bank

In 2016, the District entered into a Loan Agreement with PNC Bank (the "Lender") and issued a Note Payable in the amount of \$16,835,000 the proceeds of which were used to refund the District's previously issued Series 2007 Bonds, and to fund the issuance and closing costs associated with the issuance of the Note Payable.

The Note Payable has a final maturity date of December 1, 2026 and requires annual principal payments beginning on December 1, 2016. In addition, the Note Payable may be prepaid in whole or in part only in accordance with the terms of the Loan Agreement. Specifically, on December 1, 2017, and on any date thereafter, the District may prepay the principal of the Note Payable in amounts up to \$200,000 annually, at a price of par plus any accrued interest. On December 1, 2023, and on any date thereafter, the District may prepay the principal of the Note Payable in whole or in any part, at a price of par plus any accrued interest, without prepayment fees, premiums or penalties.

The Note Payable requires semi-annual interest payments on June 1 and December 1 at a rate of 2.6%. Interest is to be calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable period.

The Note Payable is to be paid solely from Pledged Revenue as defined in the Loan Agreement.

In accordance with the terms of the Loan Agreement, the Lender created and established a separate Loan Payment Fund account into which the District is required to transfer and deposit all amounts comprising the Pledged Revenue and from which solely the Lender shall pay the principal and interest. First, to the payment of interest due and, second, to the extent that money is remaining after payment of interest, to the payment of the principal of the Note Payable.

Tallgrass Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE D – LONG -TERM DEBT - *continued*

Note Payable – PNC Bank - continued

The following is an analysis of changes in the long-term debt as of December 31, 2022:

	<u>Balance December 31, 2021</u>	<u>Borrowings</u>	<u>Payments</u>	<u>Balance December 31, 2022</u>
Note Payable	\$ 13,685,000	\$ -	\$ 580,000	13,105,000
Due in one year				<u>(600,000)</u>
Due in more than one year				\$ <u>12,505,000</u>

The following is a summary of the future annual principal and interest requirements for the Note Payable as of December 31, 2022:

<u>Year(s) Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 600,000	\$ 345,465	\$ 945,465
2024	630,000	330,550	960,550
2025	650,000	313,040	963,040
2026	<u>11,225,000</u>	<u>295,095</u>	<u>11,520,095</u>
Total	\$ <u>13,105,000</u>	\$ <u>1,284,150</u>	\$ <u>14,389,150</u>

Debt Authorization

In 2002, the majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in the amount not to exceed \$28,200,000 for providing public improvements. As of December 31, 2022, the District has \$11,708,387 of authorization remaining. In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. However, the amount and timing of any debt issuances, if any, are not determinable.

Tallgrass Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE E – FUND BALANCE/NET POSITION

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or a District official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2022, the District’s fund balance consisted of the following:

	General Fund		Debt Service Fund		Total
Fund balance					
Nonspendable					
Prepaid expenses	\$ 495		\$ -		\$ 495
Restricted					
TABOR	1,100		-		1,100
Debt service	-		585,009		585,009
Unassigned	293,428		-		293,428
Total fund balance	\$ 295,023		\$ 585,009		\$ 880,032

Tallgrass Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE E – FUND BALANCE/NET POSITION – *continued*

Net Position

The District's net position represents the difference between the District's assets, liabilities, and deferred inflows of resources. The District may report three categories of net position, as follows:

Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

NOTE F – 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 and debt limitations which apply to the State of Colorado and all local governments.

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 calculation of the fiscal year spending limits will require judicial interpretation.

NOTE G – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims, if any, have not exceeded its coverage during the preceding three years.

NOTE H – COMMITMENTS

District Management

The District outsources the management of the District which includes overall management, accounting and administrative services. The service contract renews annually each year on January 1, unless notice of non-renewal is provided by either party as described in the service contract. Under the service contract, the monthly fee for services is not to exceed \$1,280.

Tallgrass Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE I – RECONCILIATION OF GOVERNMENTAL FUND AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Long-term liabilities such as the note payable and the associated accrued interest payable are not due and payable in the current period and, therefore, are not reflected in the governmental funds.

Note payable	\$	13,105,000
Accrued interest payable		29,340

The Statements of Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Statement of Net Activities includes an adjustment column which reconciles the differences between the government-wide and fund financial statements as follows:

The principal repayments of long-term liabilities consume the current resources of the governmental funds,

	\$	580,000
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Changes in other expenses reported in the Statement of Activities such as accrued interest on the note payable do not require the use of current financial resources and, therefore are not reflected in the governmental funds.

		(1,298)
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NOTE J – MANAGEMENT’S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District’s financial statements and accompanying footnotes in conformity with US GAAP requires District management to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through September 18, 2023 which is the date that the financial statements and accompanying notes were available for issuance.

SUPPLEMENTAL INFORMATION

Tallgrass Metropolitan District

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year ended December 31, 2022

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Property taxes	\$ 923,659	\$ 923,628	\$ (31)
Specific ownership taxes	55,420	58,312	2,892
Interest	5,000	14,566	9,566
	<u>984,079</u>	<u>996,506</u>	<u>12,427</u>
Total revenues			
Expenditures			
Operating			
Bank fees	50	-	50
Legal	3,000	-	3,000
Treasurer's fee	13,855	13,859	(4)
Debt service			
Principal payments	580,000	580,000	-
Interest expense	360,752	360,752	-
	<u>957,657</u>	<u>954,611</u>	<u>3,046</u>
Total expenditures			
Change in Fund Balance	<u>\$ 26,422</u>	41,895	<u>\$ 15,473</u>
Fund Balance			
Beginning of the year		<u>543,114</u>	
End of the year		<u>\$ 585,009</u>	