

THE CANYONS METROPOLITAN DISTRICT NO. 7

**2020 ANNUAL REPORT
TO
THE CITY OF CASTLE PINES**

Pursuant to the Consolidated Service Plan for The Canyons Metropolitan District Nos. 5-11 (as amended), The Canyons Metropolitan District No. 7 is required to provide an annual report to the City of Castle Pines by August 1 of each year with regard to the matters below.

To the best of our knowledge, for the year ending December 31, 2020, the District makes the following report:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year:

There were no boundary changes made to the District in 2020.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed, as of December 31 of the prior year:

The District did not enter into any intergovernmental agreements in 2020.

3. Copies of the District's rules and regulations, if any, as of December 31 of the prior year:

As of December 31, 2020, the District adopted the following policies:

Flag Policy

Recreational Vehicle Policy

Short Term Rental Policy

*A copy of the above referenced policies are attached hereto as **Exhibit D**.*

4. A summary of any litigation which involves the District's Public Improvements as of December 31 of the prior year:

To our actual knowledge, based on review of the court records in Douglas County, there is no litigation involving the District as of December 31, 2020.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year:

As of December 31, 2020, the District awarded contracts for the construction of various onsite public improvements including, but not limited to, roadway, bridges, sewer mains, water mains, and landscaping. In 2020, construction of a roadways pursuant to a

construction agreement with Esco Construction was completed, and the lift station project completed. Work under other construction contracts are ongoing.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year:

As of December 31, 2020, the District has not dedicated and the City has not accepted dedication of any facilities or improvements.

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

*The 2020 assessed valuation of the District is attached hereto as **Exhibit A**.*

8. Current year budget including a description of the Public Improvements to be constructed in such year:

*The 2021 budget for the District is attached hereto as **Exhibit B**.*

9. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemptions, if applicable:

*The 2020 Audit is attached as **Exhibit C**.*

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

There are no uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

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

The District has been able to pay its obligations as they come due.

EXHIBIT A
2020 Assessed Valuation

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4526 - Canyons Metro District 7

IN DOUGLAS COUNTY ON 11/19/2020

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$8,754,860
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$18,434,080
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$18,434,080
5. NEW CONSTRUCTION: **	\$1,742,910
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$650
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2020

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$81,149,428
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$19,037,843
3. ANNEXATIONS/INCLUSIONS:	\$2,240
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->

\$0

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2020

Data Date: 11/19/2020

EXHIBIT B
2021 Budget

THE CANYONS METROPOLITAN DISTRICT NO. 7
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

THE CANYONS METROPOLITAN DISTRICT NO. 7
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

10/9/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (6,411,932)	\$ 1,000	\$ (1,260,840)	\$ (1,260,840)	\$ 85,592
REVENUES					
Property taxes	226	165,686	165,570	165,686	346,581
Specific ownership taxes	23	14,900	6,451	13,700	27,726
Developer advance	76,427	182,015	22,235	22,235	112,606
Developer contribution	30,492,509	29,191,834	17,940,548	30,187,687	24,442,657
Operations and maintenance fee	-	14,040	1,230	14,080	130,520
Penalties and fees	-	-	31	-	-
Total revenues	30,569,185	29,568,475	18,136,065	30,403,388	25,060,090
TRANSFERS IN	-	63,945	6,091	21,420	310,000
Total funds available	24,157,253	29,633,420	16,881,316	29,163,968	25,455,682
EXPENDITURES					
General Fund	62,269	112,141	51,793	94,296	113,050
Special Revenue Fund	-	260,000	7,352	35,500	553,126
Capital Projects Fund	25,355,824	29,191,834	19,363,429	28,927,160	24,442,657
Total expenditures	25,418,093	29,563,975	19,422,574	29,056,956	25,108,833
TRANSFERS OUT	-	63,945	6,091	21,420	310,000
Total expenditures and transfers out requiring appropriation	25,418,093	29,627,920	19,428,665	29,078,376	25,418,833
ENDING FUND BALANCES	\$ (1,260,840)	\$ 5,500	\$ (2,547,349)	\$ 85,592	\$ 36,849
EMERGENCY RESERVE	\$ 100	\$ 5,500	\$ 5,200	\$ 5,400	\$ 11,300
TOTAL RESERVE	\$ 100	\$ 5,500	\$ 5,200	\$ 5,400	\$ 11,300

No assurance provided. See summary of significant assumption.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/9/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION					
Residential	\$ -	\$ -	\$ -	\$ -	\$ 1,784,290
Commercial	-	-	-	-	399,620
Agricultural	12,010	7,910	7,910	7,910	7,710
State assessed	-	20,100	20,100	20,100	18,700
Vacant land	-	8,725,250	8,725,250	8,725,250	16,101,460
Natural Resources	1,310	1,600	1,600	1,600	1,600
Certified Assessed Value	<u>\$ 13,320</u>	<u>\$ 8,754,860</u>	<u>\$ 8,754,860</u>	<u>\$ 8,754,860</u>	<u>\$ 18,313,380</u>
MILL LEVY					
General	17.000	18.925	18.925	18.925	18.925
Total mill levy	<u>17.000</u>	<u>18.925</u>	<u>18.925</u>	<u>18.925</u>	<u>18.925</u>
PROPERTY TAXES					
General	\$ 226	\$ 165,686	\$ 165,686	\$ 165,686	\$ 346,581
Adjustments to actual/rounding	-	-	(116)	-	-
Budgeted property taxes	<u>\$ 226</u>	<u>\$ 165,686</u>	<u>\$ 165,570</u>	<u>\$ 165,686</u>	<u>\$ 346,581</u>
BUDGETED PROPERTY TAXES					
General	<u>\$ 226</u>	<u>\$ 165,686</u>	<u>\$ 165,570</u>	<u>\$ 165,686</u>	<u>\$ 346,581</u>
	<u>\$ 226</u>	<u>\$ 165,686</u>	<u>\$ 165,570</u>	<u>\$ 165,686</u>	<u>\$ 346,581</u>

THE CANYONS METROPOLITAN DISTRICT NO. 7
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

10/9/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (14,720)	\$ 1,000	\$ (313)	\$ (313)	\$ 85,592
REVENUES					
Property taxes	226	165,686	165,570	165,686	346,581
Specific ownership taxes	23	14,900	6,451	13,700	27,726
Developer Advance	76,427	-	22,235	22,235	-
Total revenues	<u>76,676</u>	<u>180,586</u>	<u>194,256</u>	<u>201,621</u>	<u>374,307</u>
Total funds available	<u>61,956</u>	<u>181,586</u>	<u>193,943</u>	<u>201,308</u>	<u>459,899</u>
EXPENDITURES					
General and administrative					
Accounting	31,708	40,000	21,056	40,000	45,000
Auditing	4,800	4,800	4,800	4,800	5,000
County Treasurer's fee	3	2,485	2,484	2,485	5,199
Dues and licenses	308	1,000	-	766	850
Insurance and bonds	2,758	3,000	4,531	4,531	5,000
District management	1,852	22,000	9,056	19,000	20,000
Legal services	20,840	30,000	8,652	20,000	25,000
Miscellaneous	-	2,000	-	-	2,000
Election expense	-	2,000	1,214	1,214	-
Website	-	-	-	1,500	-
Contingency	-	4,856	-	-	5,001
Total expenditures	<u>62,269</u>	<u>112,141</u>	<u>51,793</u>	<u>94,296</u>	<u>113,050</u>
TRANSFERS OUT					
Transfers to other fund	<u>-</u>	<u>63,945</u>	<u>6,091</u>	<u>21,420</u>	<u>310,000</u>
Total expenditures and transfers out requiring appropriation	<u>62,269</u>	<u>176,086</u>	<u>57,884</u>	<u>115,716</u>	<u>423,050</u>
ENDING FUND BALANCE	<u>\$ (313)</u>	<u>\$ 5,500</u>	<u>\$ 136,059</u>	<u>\$ 85,592</u>	<u>\$ 36,849</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 5,500</u>	<u>\$ 5,200</u>	<u>\$ 5,400</u>	<u>\$ 11,300</u>
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 5,500</u>	<u>\$ 5,200</u>	<u>\$ 5,400</u>	<u>\$ 11,300</u>

No assurance provided. See summary of significant assumption.

THE CANYONS METROPOLITAN DISTRICT NO. 7
SPECIAL REVENUE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

10/9/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Operations and maintenance fee	-	14,040	1,230	14,080	130,520
Penalties and fees	-	-	31	-	-
Developer advance	-	182,015	-	-	112,606
Total revenues	-	196,055	1,261	14,080	243,126
TRANSFERS IN					
Transfers from other funds	-	63,945	6,091	21,420	310,000
Total funds available	-	260,000	7,352	35,500	553,126
EXPENDITURES					
Operations and maintenance					
Landscaping	-	244,813	7,352	9,000	339,626
Trails	-	-	-	-	32,000
Parks - Playground Equipment	-	-	-	-	1,500
Irrigation Maintenance	-	-	-	-	25,000
Water	-	-	-	25,000	150,000
Monumentation	-	1,000	-	-	1,000
Bridge Cover	-	4,000	-	1,500	4,000
Management	-	-	-	-	-
Website	-	-	-	-	-
Contingency	-	10,187	-	-	-
Total expenditures	-	260,000	7,352	35,500	553,126
Total expenditures and transfers out requiring appropriation	-	260,000	7,352	35,500	553,126
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumption.

THE CANYONS METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

10/9/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (6,397,212)	\$ -	\$ (1,260,527)	\$ (1,260,527)	\$ -
REVENUES					
Developer Contribution	30,492,509	29,191,834	17,940,548	30,187,687	24,442,657
Total revenues	<u>30,492,509</u>	<u>29,191,834</u>	<u>17,940,548</u>	<u>30,187,687</u>	<u>24,442,657</u>
Total funds available	<u>24,095,297</u>	<u>29,191,834</u>	<u>16,680,021</u>	<u>28,927,160</u>	<u>24,442,657</u>
EXPENDITURES					
General and Administrative					
Accounting	13,338	20,000	3,760	10,000	15,000
Legal services	40,607	20,000	7,631	15,000	20,000
Contingency	-	1,000,000	-	-	-
Capital Projects					
Landscaping	674,573	4,386,514	146,477	3,000,000	4,456,532
Engineering	785,980	2,501,550	139,382	250,000	1,712,330
Water	3,101,006	-	1,015,152	1,300,000	1,668,155
Sewer	5,909,814	888,020	775,637	850,000	1,388,096
Drainage/Storm	4,316,083	10,055,572	3,461,874	8,500,000	7,607,922
Street improvements	10,514,423	-	13,811,356	15,000,000	7,256,934
Warranty reserves	-	-	-	-	317,688
Filing 1 2nd Amendment	-	6,507,353	2,160	2,160	-
Filing 1 4th Amendment	-	877,922	-	-	-
Filing 1 5th Amendment	-	2,934,903	-	-	-
Total expenditures	<u>25,355,824</u>	<u>29,191,834</u>	<u>19,363,429</u>	<u>28,927,160</u>	<u>24,442,657</u>
Total expenditures and transfers out requiring appropriation	<u>25,355,824</u>	<u>29,191,834</u>	<u>19,363,429</u>	<u>28,927,160</u>	<u>24,442,657</u>
ENDING FUND BALANCE	<u>\$ (1,260,527)</u>	<u>\$ -</u>	<u>\$ (2,683,408)</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumption.

THE CANYONS METROPOLITAN DISTRICT NO. 7
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized to provide financing for the design, acquisition, installation and construction of storm and sanitary sewers, water systems, streets, parks and recreation facilities, transportation systems, television relay and translator facilities, security, mosquito control and fire protection and operation and maintenance of the District. The District's service area is located in the City of Castle Pines in Douglas County, Colorado and the District operates in connection with Districts Nos. 1 - 6 and 8 - 11.

The District was formed by District Court Order on June 4, 2010, and held its organizational meeting on December 6, 2010. The relationship between District No. 5, District No. 6, and District No. 7, including the means for approving, financing, constructing and operating the public services and improvements needed to serve the property are outlined in the Master Reimbursement Agreement executed December 29, 2015 by the District and District Nos. 5 and 6.

On May 4, 2010, District voters approved authorization to increase property taxes up to \$100,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District as well as \$100,000,000, annually, as necessary to pay for the capital expenditures of the District. Debt authorization was approved in the amount of \$1,300,000,000 for the above listed facilities and \$100,000,000 for refunding debt. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

On November 4, 2014, District voters approved authorization to increase property taxes up to \$226,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District as well as \$226,000,000, annually, as necessary to pay for the capital expenditures of the District. Debt authorization was approved in the amount of \$2,260,000,000 for the above listed facilities and \$226,000,000 for refunding debt. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

Pursuant to the Consolidated Service Plan, as amended, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills of which the District imposes 18.925 mills for operations. This limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures are to be partially funded by the Developer. Advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse from available revenue.

Developer Contributions

The District is in the development stage. As such, the capital expenditures are to be funded by the Developer. The District will receive contributions to fund such costs with no obligation for repayment.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the property tax page of the Budget and is pursuant to the Master Reimbursement Agreement. Collectively, Districts Nos. 5, 6, and 7 are permitted to levy 69.000 mills, subject to being adjusted for changes in the assessment ration which brings the total mill levy for all three districts to 76.812 mills. The total adopted mill levy is shown on the Property Tax Summary page of the budget.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing with the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

Operations and Maintenance Fees

The District will collect a fee of \$30 per month from homeowners of the District to pay for the District's costs of operations.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Administrative and Operating Expenditures

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as accounting, legal, insurance, and other administrative expenditures.

Capital Outlay

The District anticipates capital expenditures as noted on the Capital Projects Fund page of the budget. The District will own, operate and maintain all District eligible public improvements within its boundaries that are not dedicated to any other public entity. District Nos. 5 and 6 will finance the cost of such improvements.

Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

Reserves

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT C
2020 Audit Report

**THE CANYONS METROPOLITAN
DISTRICT NO. 7
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**THE CANYONS METROPOLITAN DISTRICT NO. 7
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
FUND FINANCIAL STATEMENTS	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	21
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	23



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Canyons Metropolitan District No. 7
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of The Canyons Metropolitan District No. 7 as of and for the year December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

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 Canyons Metropolitan District No. 7, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Canyons Metropolitan District No. 7's basic financial statements. The budget to actual schedule for the Capital Projects Fund (Supplementary Information) and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected (Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dussio & Associates, P.C.

April 7, 2021

BASIC FINANCIAL STATEMENTS

**THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 120,322
Cash and Investments - Restricted	5,400
Accounts Receivable	885,742
Receivable - County Treasurer	1,281
Property Taxes Receivable	348,865
Construction in Progress	79,460,867
Total Assets	80,822,477
LIABILITIES	
Accounts Payable	917,833
Retainage Payable	571,179
Prepaid Operations and Maintenance Fees	8,269
Noncurrent Liabilities:	
Due in More Than One Year	220,320
Total Liabilities	1,717,601
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	348,865
Total Deferred Inflows of Resources	348,865
NET POSITION	
Restricted for:	
Emergency Reserves	5,400
Unrestricted	78,750,611
Total Net Position	\$ 78,756,011

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Government Activities:					
General Government	\$ 143,765	\$ 13,090	\$ -	\$ 26,184,151	\$ 26,053,476
Interest and Related Costs on Long-Term Debt	14,989	-	-	-	(14,989)
Total Governmental Activities	\$ 158,754	\$ 13,090	\$ -	\$ 26,184,151	\$ 26,038,487
GENERAL REVENUES					
				165,686	
				14,292	
				179,978	
CHANGE IN NET POSITION					
				26,218,465	
				52,537,546	
NET POSITION - END OF YEAR					
				\$ 78,756,011	

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

ASSETS	General	Special Revenue O&M Fund	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 105,108	\$ 15,214	\$ -	\$ 120,322
Cash and Investments - Restricted	5,400	-	-	5,400
Accounts Receivable	-	-	885,742	885,742
Receivable from County Treasurer	1,281	-	-	1,281
Property Taxes Receivable	348,865	-	-	348,865
Total Assets	\$ 460,654	\$ 15,214	\$ 885,742	\$ 1,361,610
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 19,300	\$ 6,945	\$ 891,588	\$ 917,833
Retainage Payable	-	-	571,179	571,179
Prepaid O&M Fees	-	8,269	-	8,269
Total Liabilities	19,300	15,214	1,462,767	1,497,281
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	348,865	-	-	348,865
Total Deferred Inflows of Resources	348,865	-	-	348,865
FUND BALANCES				
Restricted for:				
Emergency Reserves	5,400	-	-	5,400
Assigned to:				
Subsequent Year's Expenditures	53,226	-	-	53,226
Unassigned	33,863	-	(577,025)	(543,162)
Total Fund Balances	92,489	-	(577,025)	(484,536)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 460,654	\$ 15,214	\$ 885,742	
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 as assets in the funds.				
Construction in Progress				79,460,867
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.				
Developer Advance Payable				(187,433)
Accrued Interest on Developer Advance Payable				(32,887)
Net Position of Governmental Activities				\$ 78,756,011

See accompanying Notes to Basic Financial Statements.

THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Revenue O&M Fund	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 165,686	\$ -	\$ -	\$ 165,686
Specific Ownership Taxes	14,292	-	-	14,292
Operation and Maintenance Fees	-	12,605	-	12,605
Penalties and Fees	-	485	-	485
Total Revenues	<u>179,978</u>	<u>13,090</u>	<u>-</u>	<u>193,068</u>
EXPENDITURES				
General & Administrative:				
Accounting	35,632	-	-	35,632
Audit	4,800	-	-	4,800
County Treasurer's Fee	2,485	-	-	2,485
District Management	20,208	-	-	20,208
Dues and Membership	766	-	-	766
Election	1,214	-	-	1,214
Insurance and Bonds	4,531	-	-	4,531
Legal	18,944	-	-	18,944
Miscellaneous	574	-	-	574
Special Revenue O&M:				
Landscaping	-	31,045	-	31,045
Capital:				
Accounting	-	-	9,968	9,968
Legal	-	-	13,598	13,598
Engineering	-	-	431,347	431,347
Landscaping	-	-	1,501,151	1,501,151
Filing 1 2nd Amendment	-	-	2,160	2,160
Water	-	-	1,132,226	1,132,226
Drainage/Storm	-	-	4,712,226	4,712,226
Street Improvements	-	-	16,789,828	16,789,828
Sewer	-	-	908,145	908,145
Total Expenditures	<u>89,154</u>	<u>31,045</u>	<u>25,500,649</u>	<u>25,620,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,824	(17,955)	(25,500,649)	(25,427,780)
OTHER FINANCING SOURCES (USES)				
Developer Contribution	-	-	26,184,151	26,184,151
Developer Advance	19,933	-	-	19,933
Transfers from Other Fund	-	17,955	-	17,955
Transfers to Other Fund	(17,955)	-	-	(17,955)
Total Other Financing Sources	<u>1,978</u>	<u>17,955</u>	<u>26,184,151</u>	<u>26,204,084</u>
NET CHANGE IN FUND BALANCES	92,802	-	683,502	776,304
Fund Balances - Beginning of Year	<u>(313)</u>	<u>-</u>	<u>(1,260,527)</u>	<u>(1,260,840)</u>
FUND BALANCES - END OF YEAR	<u>\$ 92,489</u>	<u>\$ -</u>	<u>\$ (577,025)</u>	<u>\$ (484,536)</u>

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 776,304

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 25,477,083

The issuance of long-term debt (e.g. bond issuance, developer advance) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Developer Advance (19,933)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advances (14,989)

Changes in Net Position of Governmental Activities \$ 26,218,465

**THE CANYONS METROPOLITAN DISTRICT NO. 7
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Tax	\$ 165,686	\$ 165,686	\$ -
Specific Ownership Tax	14,900	14,292	(608)
Total Revenues	<u>180,586</u>	<u>179,978</u>	<u>(608)</u>
EXPENDITURES			
Accounting	40,000	35,632	4,368
Audit	4,800	4,800	-
County Treasurer's Fee	2,485	2,485	-
Contingency	4,856	-	4,856
Dues and Membership	1,000	766	234
Election	2,000	1,214	786
Insurance and Bonds	3,000	4,531	(1,531)
District Management	22,000	20,208	1,792
Legal	30,000	18,944	11,056
Miscellaneous	2,000	574	1,426
Total Expenditures	<u>112,141</u>	<u>89,154</u>	<u>22,987</u>
EXCESS OF REVENUES OVER EXPENDITURES	68,445	90,824	22,379
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	19,933	19,933
Transfers to other Funds	(63,945)	(17,955)	45,990
Total Other Financing Sources (Uses)	<u>(63,945)</u>	<u>1,978</u>	<u>65,923</u>
NET CHANGE IN FUND BALANCE	4,500	92,802	88,302
Fund Balance - Beginning of Year	<u>1,000</u>	<u>(313)</u>	<u>(1,313)</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,500</u>	<u>\$ 92,489</u>	<u>\$ 86,989</u>

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Operations and Maintenance Fee	\$ 14,040	\$ 12,605	\$ (1,435)
Penalties and Fees	-	485	485
Total Revenues	<u>14,040</u>	<u>13,090</u>	<u>(950)</u>
EXPENDITURES			
Landscaping	244,813	31,045	213,768
Monumentation	1,000	-	1,000
Bridge Cover	4,000	-	4,000
Contingency	10,187	-	10,187
Total Expenditures	<u>260,000</u>	<u>31,045</u>	<u>228,955</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(245,960)	(17,955)	228,005
OTHER FINANCING SOURCES (USES)			
Developer Advance	182,015	-	(182,015)
Transfers from Other Funds	63,945	17,955	(45,990)
Total Other Financing Sources (Uses)	<u>245,960</u>	<u>17,955</u>	<u>(228,005)</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

The Canyons Metropolitan District No. 7 (District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of Douglas County, Colorado on June 4, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan (Service Plan) approved by the City of Castle Pines North (City) in Douglas County, Colorado on October 22, 2009, as amended by a First Amendment thereto approved by the City on December 8, 2015 and by a Second Amendment thereto approved by the City on December 10, 2019 collectively, the "Service Plan." The District operates in connection with Districts Nos. 1 – 6 and 8 – 11.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, relocation, redevelopment, and completion of public improvements, covenant enforcement services, and planning services, including water, sanitation, streets, security services, park and recreation, public transportation, traffic and safety, limited fire protection, limited television relay and translation, and mosquito control.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for revenues earned and expenditures incurred with the Operations and Maintenance fees that are imposed by the District to offset the costs of landscaping, monumentation, bridge cover, etc.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital improvements.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 bank 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.

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 set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported 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. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

All assets of the District are anticipated to be conveyed to other governmental entities. Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets, a component of the District's net position.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, both items, *deferred property tax revenue and prepaid operations and maintenance fees*, are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvements of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component.

Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

Unrestricted – the component of net position that does not meet the definitions above.

Fund Balance

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

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

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed.

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

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

Deficits

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2020. The deficit will be eliminated with the receipt of funds contributed by the Developer in 2021.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 120,322
Cash and Investments - Restricted	5,400
Total Cash and Investments	<u>\$ 125,722</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with Financial Institutions	<u>\$ 125,722</u>
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THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance of \$125,722 and a carrying balance of \$125,722.

Investments

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

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

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

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

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

As of December 31, 2020, the District has no investments.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance at December 31, 2019	Additions	Deletions	Balance at December 31, 2020
Governmental Type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 53,983,784	\$ 25,477,083	\$ -	\$ 79,460,867
Total Capital Assets, Not Being Depreciated	<u>\$ 53,983,784</u>	<u>\$ 25,477,083</u>	<u>\$ -</u>	<u>\$ 79,460,867</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Governmental Activities:					
Developer Advance - Operations - Principal	\$ 167,500	\$ 19,933	\$ -	\$ 187,433	\$ -
Developer Advance - Operations - Interest	17,898	14,989	-	32,887	-
Total Long-Term Liabilities	<u>\$ 185,398</u>	<u>\$ 34,922</u>	<u>\$ -</u>	<u>\$ 220,320</u>	<u>\$ -</u>

The detail of the District's long-term obligation is as follows:

Operations Funding and Reimbursement Agreement

The District and Shea Canyons (Master Builder) entered into a Funding and Reimbursement Agreement (Operations and Maintenance) on November 14, 2016 (Operations Funding Agreement) as amended and restated on November 11, 2020 whereby the Master Builder agreed to loan moneys to the District for the purpose of covering revenue shortfalls with respect to operation and maintenance expenses of the District.

Under the Operations Funding Agreement, the Master Builder agrees to loan the District one or more sums of money as requested by the District for the costs incurred or to be incurred by the District. Interest accrues at a rate of 5%, plus the Municipal Market Data (MMD) BAA 30-year index, simple interest, annually. The funds are to be loaned to the District in a series of installments and are to be available to the District through December 31, 2022 (the O&M Loan Obligation Termination Date). Thereafter, the Master Builder may agree to renew its agreement on an annual basis by providing written notice to the District, in which case, the O&M Loan Obligation Termination Date will be amended to the date provided but not earlier than December 31 of the succeeding year.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Operations Funding and Reimbursement Agreement (Continued)

After 40 years from the execution of this Agreement, the Parties hereby agree and acknowledge that any obligation which remains due and outstanding, including accrued interest, is forgiven in its entirety, generally and conditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by the Master Builder and there shall be no further obligation of the District to pay or reimburse the Master Builder.

As of December 31, 2020, the District had \$187,433 of principal outstanding and accrued interest of \$32,887 outstanding under this Agreement.

Authorized Debt

At December 31, 2020, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized May 4, 2010	Amount Authorized November 4, 2014	Authorized But Unissued
Streets	\$ 100,000,000	\$ 226,000,000	\$ 326,000,000
Water	100,000,000	226,000,000	326,000,000
Sanitation	100,000,000	226,000,000	326,000,000
Parks and Recreation	100,000,000	226,000,000	326,000,000
Public Transportation	100,000,000	226,000,000	326,000,000
Television Relay	100,000,000	226,000,000	326,000,000
Mosquito Control	100,000,000	226,000,000	326,000,000
Security Services	100,000,000	226,000,000	326,000,000
Traffic and Safety	100,000,000	226,000,000	326,000,000
Fire Protection	-	226,000,000	226,000,000
Operations and Maintenance	100,000,000	226,000,000	326,000,000
Refundings	100,000,000	226,000,000	326,000,000
Intergovernmental Agreements	100,000,000	226,000,000	326,000,000
Private Agreements	100,000,000	226,000,000	326,000,000
Special Assessment Indebtedness	-	226,000,000	226,000,000
Total	<u>\$ 1,300,000,000</u>	<u>\$ 3,390,000,000</u>	<u>\$ 4,690,000,000</u>

Pursuant to the Amended and Restated Service Plan, the aggregate debt limit is \$226,000,000 for all of District Nos. 2 – 11 combined, exclusive of refundings.

Pursuant to the Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills of which the District imposes 18.925 mills for operations. The limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted are neither diminished nor enhanced as a result.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

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.

NOTE 6 NET POSITION

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

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had restricted net position as of December 31, 2020, as follows:

Restricted Net Position:

Emergency Reserves	\$ 5,400
Total Restricted Net Position	<u>\$ 5,400</u>

NOTE 7 RELATED PARTIES

The Original landowner of the property which constitutes the District is North Canyons, LLLP. During 2016, the Original landowner in connection with Oread Canyons, LLC (Oread), sold property to the Master Builder who will serve as Developer of the first phase of development for the project. The majority members of the Board of Directors are employees, owners or otherwise associated with the Master Builder and may have conflicts of interest in dealing with the District.

NOTE 8 DISTRICT AGREEMENTS

Capital Contribution Agreement

The District and the Master Builder entered into a Contribution Agreement (Capital) on December 20, 2016 (Contribution Agreement) as amended and restated on June 9, 2017, whereby the Master Builder agreed to contribute funding to the District in order to finance the completion of the Public Improvements. The Contribution Funds shall be used by the District for the sole purpose of financing the Public Improvements. The District and the Master Builder agree and acknowledge that there shall be, under no circumstance, any obligation, present or future, of the District to pay or reimburse the Master Builder with respect to the Contribution Funds it receives to fund the Construction Contract the Public Improvements. The Master Builder is the construction manager and oversees the construction of the Public Improvements. All Contribution Funds received by the District shall be deemed to be a contribution in their entirety. During 2020, the District received capital contributions totaling \$26,184,151.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 DISTRICT AGREEMENTS (CONTINUED)

Master Reimbursement Agreement

The District entered into a Master Reimbursement Agreement (the Agreement) with The Canyons Metropolitan District No. 5 (District No. 5) and The Canyons Metropolitan District No. 6 (District No. 6), North Canyons, LLLP (Original Landowner), the Master Builder, and Oread Canyons, LLC (Oread), a Colorado limited liability company. Pursuant to the Agreement, District No. 5 and District No. 6 will reimburse the Original Landowner and Oread, respectively, for the costs of the District-Eligible Public Improvements, which are to be constructed by the Master Builder or its assignee, all as more particularly described in the Agreement. The District will own, operate, and maintain all District-Eligible Public Improvements within its boundaries that are not dedicated to any other public entity.

Under the Agreement, the Service Plan established a combined mill levy limitation (applicable to both debt service and operation and maintenance mill levies imposed by the Districts) of 69.000 mills. District No. 5 will impose 40.000 mills for debt service and District No. 6 will impose 10.000 mills for debt service as adjusted for changes in the residential assessment ratio. District No. 5 and District No. 6 will each impose 1.000 mill to pay for the respective District's administrative costs as adjusted for changes in the residential assessment ratio. The District will impose 18.925 mills for operations as adjusted for changes in the residential assessment ratio.

The Agreement states that District No. 5 and District No. 6 are also entitled to 80% and 20% respectively of PIF Revenues and Facilities Fees, and is obligated to pay 80% and 20% respectively of the Collective Reimbursement Obligation, or the Bonds used for financing District-Eligible Public Improvements.

The Agreement also sets forth the procedures for submittal, review, certification, and acceptance of the costs of Public Improvements constructed by the District and the Master Builder.

Intergovernmental Agreement with the City

As contemplated by the Service Plan, the Canyons Districts (being District Nos. 1 – 11) and the City entered into an Intergovernmental Agreement for The Canyons Metropolitan District Nos. 1 – 11, dated as of December 6, 2010, as amended pursuant to a First Amendment thereto dated December 11, 2015 (as so amended, the "City IGA"), which, among other things, recites the limitations on the Canyons Districts' provision of services and exercise of powers as set forth in the Service Plan.

In addition to the limitations contained in the Service Plan, the City IGA specifies that completed Public Improvements are to be dedicated to the City, Parker Water and Sanitation District (Parker Water), or other appropriate governmental entities. The Canyons Districts are authorized to undertake and coordinate any operational requirements for Public Improvements that will not ultimately be conveyed to the City, Parker Water, or other governmental entity and may also operate and maintain Public Improvements that are pending final acceptance by the City.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 DISTRICT AGREEMENTS (CONTINUED)

Intergovernmental Agreement with the City (Continued)

Upon acceptance by the City, Parker Water, or other appropriate governmental entity, none of the Canyons Districts are authorized to operate or maintain such Public Improvements unless authorized under separate intergovernmental agreement with the City, Parker Water, or such other governmental entity, respectively. The Canyons Districts are specifically authorized to own, operate, and maintain park and recreation improvements and landscaped or open space parcels. The City IGA also specifies that none of the Canyons Districts are authorized to engage in the provision of any television relay and translation facilities or services and, subject to certain exceptions for improvements comprising a portion of the water system improvements, shall not be authorized to provide fire protection facilities or services.

NOTE 9 INTERFUND AND OPERATING TRANSFERS

The transfers from the General Fund to the Special Revenue O&M Fund was the result of amounts due to the Special Revenue O&M Fund to pay for O&M expenditures.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (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, workers' compensation, property, and public officials' liability 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.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

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 limits must be refunded unless the voters approve retention of such revenue.

On May 4, 2010 and November 4, 2014, the District voters passed an election question to increase property taxes \$100,000,000 annually as adjusted for inflation, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue without regard to any limitations under TABOR.

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.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2020, the District had construction related contract commitments of approximately \$4,045,055.

SUPPLEMENTARY INFORMATION

**THE CANYONS METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Accounting	20,000	9,968	10,032
Legal	20,000	13,598	6,402
Contingency	1,000,000	-	1,000,000
Landscaping	4,386,514	1,501,151	2,885,363
Filing 1 2nd Amendment	6,507,353	2,160	6,505,193
Filing 1 4th Amendment	877,922	-	877,922
Filing 1 5th Amendment	2,934,903	-	2,934,903
Engineering	2,501,550	431,347	2,070,203
Water	-	1,132,226	(1,132,226)
Drainage/Storm	10,055,572	4,712,226	5,343,346
Street Improvements	-	16,789,828	(16,789,828)
Sewer	888,020	908,145	(20,125)
Total Expenditures	<u>29,191,834</u>	<u>25,500,649</u>	<u>3,691,185</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,191,834)	(25,500,649)	3,691,185
OTHER FINANCING SOURCES (USES)			
Developer Contribution	29,191,834	26,184,151	(3,007,683)
Total Other Financing Sources (Uses)	<u>29,191,834</u>	<u>26,184,151</u>	<u>(3,007,683)</u>
NET CHANGE IN FUND BALANCE	-	683,502	683,502
Fund Balance - Beginning of Year	-	(1,260,527)	(1,260,527)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (577,025)</u>	<u>\$ (577,025)</u>

OTHER INFORMATION

**THE CANYONS METROPOLITAN DISTRICT NO. 7
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
YEAR ENDED DECEMBER 31, 2020**

Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 270	0.000	0.000	\$ -	\$ -	N/A
2017	11,070	17.000	0.000	188	188	100.00 %
2018	13,190	17.000	0.000	224	224	100.00
2019	13,320	17.000	0.000	226	226	100.00
2020	8,754,860	18.925	0.000	165,686	165,686	100.00
Estimated for Year Ending December 31, 2021	\$ 18,434,080	18.925	0.000	\$ 348,865		

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

EXHIBIT D
District Adopted Policies

THE CANYONS METROPOLITAN DISTRICT NO. 7

RECREATIONAL VEHICLE POLICY

- I. No Recreational Vehicles:** The use of any recreational vehicle, golf cart, ATV, and other off-road vehicles on any land within the boundaries of The Canyons Metropolitan District No. 7 (the “District”), including but not limited to, parks, open space, trails, sidewalks, and District owned roadways, is strictly prohibited. This restriction shall not apply to the use electric bikes and electric scooters.

The use of recreational vehicles, golf carts, ATV’s, and off road vehicles, electric bikes and electric scooters on property, roadways, trails, sidewalks, and parks owned by the City of Castle Pines (the “City”) is regulated and enforced by the City.

- II. Enforcement:** The District may enforce this policy to the fullest extent permitted by law and in accordance with any existing enforcement policy, if any, including but not limited to the imposition of fines, in the sole discretion of the Board of Directors.

THE CANYONS METROPOLITAN DISTRICT NO. 7

SHORT TERM RENTAL POLICY

- I. No Short Term Rentals:** The use of any residential dwelling unit or any portion thereof, or on any land within the boundaries of The Canyons Metropolitan District No. 7 (the “District”) for Short Term Rental is prohibited. For purposes of this Policy, “Short Term Rental” shall mean: The rental or lease of a residential dwelling unit or any portion thereof, or any land within the boundaries of the District for a period of less than twenty-eight (28) consecutive days for consideration. Consideration shall include, but is not limited to, soliciting, charging, demanding, receiving or accepting any legally recognized payment including but not limited to a promise or benefit, a quid-pro-quo, rent, fees, or thing of value.
- II. Enforcement:** The District may enforce this policy to the fullest extent permitted by law and in accordance with any existing enforcement policy, if any, including but not limited to the imposition of fines, in the sole discretion of the Board of Directors.

THE CANYONS METROPOLITAN DISTRICT NO. 7

FLAG POLICY

I. Flags/Flag Poles:

Approval is required for any freestanding flagpole.

Approval is not required for flagpoles mounted to the front of the residence provided that the flags displayed thereon (if other than an American Flag) are temporary in nature and are only displayed on holidays or in celebration of specific events. Temporary flags must not be placed earlier than thirty (30) days prior to the start of the particular holiday/event or celebration and must be removed no later than thirty (30) days following the particular holiday/event or celebration. Flags related to sporting events may be displayed only on the day of such sporting events. No flags, other than American Flags and service flags as set forth below, may be flown for more than 60 total days in a calendar year. Under no circumstance may the height of the flagpole exceed the height of the roofline of the residence. Flag size cannot exceed five (5) feet in length and three (3) feet in width.

American Flags: Owners shall be permitted to display an American in accordance with the Federal Flag Code and as follows:

- A. The flag shall be no larger than three (3) feet by five (5) feet.
- B. The flag may be displayed in a window or from a flagpole projecting horizontally from a location on the front of the dwelling.
- C. Flags and/or flagpoles shall be replaced as necessary in order to prevent wear and tear.
- D. Flags may not be illuminated without prior written approval of the ARC. Any request for lighting must detail the type and location of lighting. Lighting shall be placed so as not to disturb Owners of neighboring Units.

An Owner or resident may display a service flag bearing a star denoting the Owner's or resident's or his family member's active or reserve U.S. military service during a time of war or armed conflict. The flag may be displayed on the inside of a window or door of the home on the Unit. The flag may not be larger than nine (9) inches by sixteen (16) inches.

- #### **II. Enforcement:**
- The District may enforce this policy to the fullest extent permitted by law and in accordance with any existing enforcement policy, if any, including but not limited to the imposition of fines, in the sole discretion of the Board of Directors.