

**EXHIBIT D**  
**2023 Audits**  
**District Nos. 3, 5, and 6**

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Canyons Metropolitan District No. 3  
Douglas County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the The Canyons Metropolitan District No. 3 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 opinions.

### ***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.

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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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The Other Information and the Continuing Disclosure Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*D'Agostino & Associates, P.C.*

June 3, 2024

## **BASIC FINANCIAL STATEMENTS**

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

|                                      | Governmental<br>Activities |
|--------------------------------------|----------------------------|
| <b>ASSETS</b>                        |                            |
| Cash and Investments                 | \$ 750                     |
| Cash and Investments - Restricted    | 22,106,132                 |
| Prepaid Insurance                    | 3,921                      |
| Property Tax Receivable              | 267,560                    |
| Receivable from County Treasurer     | 220                        |
| Capital Assets:                      |                            |
| Capital Assets Not Being Depreciated | 9,546,234                  |
| Total Assets                         | 31,924,817                 |
| <b>LIABILITIES</b>                   |                            |
| Accounts Payable                     | 320,346                    |
| Retainage Payable                    | 12,979                     |
| Accrued Interest                     | 2,464,285                  |
| Noncurrent Liabilities:              |                            |
| Due in More Than One Year            | 31,506,349                 |
| Total Liabilities                    | 34,303,959                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |
| Deferred Property Tax                | 267,560                    |
| Total Deferred Inflows of Resources  | 267,560                    |
| <b>NET POSITION</b>                  |                            |
| Restricted for:                      |                            |
| Emergency Reserve                    | 300                        |
| Capital Projects                     | 1,171,745                  |
| Net Position - Unrestricted          | (3,818,747)                |
| Total Net Position                   | \$ (2,646,702)             |

See accompanying Notes to Basic Financial Statements.



**THE CANYONS METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

|   |                            | Program Revenues                         |  |                            | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|---|----------------------------|--|--|----------------------------|--|
| Expenses  | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities |  |
| <b>FUNCTIONS/PROGRAMS</b>                       |                            |  |  |                            |  |
| Primary Government:                             |                            |  |  |                            |  |
| Governmental Activities:                        |                            |  |  |                            |  |
| General Government                              | \$ 88,288                  | \$ -                                     | \$ -                                   | \$ -                       | \$ (88,288)  |
| Interest on Long-Term Debt<br>and Related Costs | 1,699,761                  | -  | -                                      | -                          | (1,699,761)  |
| Total Governmental Activities                   | \$ 1,788,049               | \$ -                                     | \$ -                                   | \$ -                       | (1,788,049)  |
| <b>GENERAL REVENUES</b>                         |                            |  |  |                            |  |
| Property Taxes                                  |                            |  |  |                            | 36,574   |
| Specific Ownership Taxes                        |                            |  |  |                            | 3,392  |
| Interest Income                                 |                            |  |  |                            | 1,072,712  |
| Total General Revenues and Transfers            |                            |  |  |                            | 1,112,678  |
| <b>CHANGES IN NET POSITION</b>                  |                            |  |  |                            | (675,371)  |
| Net Position - Beginning of Year                |                            |  |  |                            | (1,971,331)  |
| <b>NET POSITION - END OF YEAR</b>               |                            |  |  |                            | \$ (2,646,702)   |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

|  | General          | Debt<br>Service   | Capital<br>Projects  | Total<br>Governmental<br>Funds |
|--|------------------|-------------------|----------------------|--------------------------------|
| <b>ASSETS</b>  |                  |                   |                      |                                |
| Cash and Investments   | \$ 750           | \$ -              | \$ -                 | \$ 750                         |
| Cash and Investments - Restricted  | 300              | 4,535             | 22,101,297           | 22,106,132                     |
| Receivable from County Treasurer   | 37               | 183               | -                    | 220                            |
| Prepaid Insurance  | 3,921            | -                 | -                    | 3,921                          |
| Property Tax Receivable  | 44,590           | 222,970           | -                    | 267,560                        |
|  | <u>49,598</u>    | <u>222,970</u>    | <u>22,101,297</u>    | <u>22,378,583</u>              |
| Total Assets   | <u>\$ 49,598</u> | <u>\$ 222,688</u> | <u>22,101,297</u>    | <u>\$ 22,378,583</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                  |                   |                      |                                |
| <b>LIABILITIES</b>   |                  |                   |                      |                                |
| Accounts Payable   | \$ 10,594        | \$ -              | \$ 309,752           | \$ 320,346                     |
| Retainage Payable  | -                | -                 | 12,979               | 12,979                         |
| Total Liabilities  | <u>10,594</u>    | <u>-</u>          | <u>322,731</u>       | <u>333,325</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                  |                   |                      |                                |
| Deferred Property Tax  | 44,590           | 222,970           | -                    | 267,560                        |
| Total Deferred Inflows of Resources                                      | <u>44,590</u>    | <u>222,970</u>    | <u>-</u>             | <u>267,560</u>                 |
| <b>FUND BALANCES</b>   |                  |                   |                      |                                |
| Nonspendable:  |                  |                   |                      |                                |
| Prepaid Expense  | 3,921            | -                 | -                    | 3,921                          |
| Restricted for:  |                  |                   |                      |                                |
| Emergency Reserves   | 200              | -                 | -                    | 200                            |
| Debt Service   | -                | 4,718             | -                    | 4,718                          |
| Capital Projects   | -                | -                 | 21,778,566           | 21,778,566                     |
| Unassigned   | (9,707)          | -                 | -                    | (9,707)                        |
| Total Fund Balances  | <u>(5,586)</u>   | <u>4,718</u>      | <u>21,778,566</u>    | <u>21,777,698</u>              |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances   | <u>\$ 49,598</u> | <u>\$ 222,688</u> | <u>\$ 22,101,297</u> |                                |

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

|  |                       |
|--|-----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    | 9,546,234             |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. |                       |
| Accrued Bond Interest  | (2,464,285)           |
| Bonds Payable  | (31,270,000)          |
| Developer Advance Payable  | (213,535)             |
| Accrued Developer Advance Interest   | (22,814)              |
| Net Position of Governmental Activities  | <u>\$ (2,646,702)</u> |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

|   | General           | Debt<br>Service | Capital<br>Projects  | Total<br>Governmental<br>Funds |
|---|-------------------|-----------------|----------------------|--------------------------------|
| <b>REVENUES</b>   |                   |                 |                      |                                |
| Property Taxes  | \$ 6,097          | \$ 30,477       | \$ -                 | \$ 36,574                      |
| Specific Ownership Taxes                                | 566               | 2,826           | -                    | 3,392                          |
| Interest Income   | 122               | 1,098           | 1,071,492            | 1,072,712                      |
| Total Revenues  | <u>6,785</u>      | <u>34,401</u>   | <u>1,071,492</u>     | <u>1,112,678</u>               |
| <b>EXPENDITURES</b>                                     |                   |                 |                      |                                |
| Current:  |                   |                 |                      |                                |
| Accounting  | 37,080            | -               | 16,435               | 53,515                         |
| Auditing  | 4,800             | -               | -                    | 4,800                          |
| County Treasurer's Fee                                  | 93                | 466             | -                    | 559                            |
| Dues and Membership                                     | 322               | -               | -                    | 322                            |
| Election  | 725               | -               | -                    | 725                            |
| Escrow Fee  | -                 | -               | 2,525                | 2,525                          |
| Insurance and Bonds                                     | 3,821             | -               | -                    | 3,821                          |
| Legal   | 19,272            | -               | 4,600                | 23,872                         |
| Miscellaneous   | 1,140             | -               | -                    | 1,140                          |
| Debt Service:   |                   |                 |                      |                                |
| Bond Interest - Series 2021                             | -                 | 25,399          | -                    | 25,399                         |
| Paying Agent Fees                                       | -                 | 4,000           | -                    | 4,000                          |
| Capital Projects:                                       |                   |                 |                      |                                |
| Capital Outlay  | -                 | -               | 3,399,914            | 3,399,914                      |
| Engineering   | -                 | -               | 242,342              | 242,342                        |
| Total Expenditures                                      | <u>67,253</u>     | <u>29,865</u>   | <u>3,665,816</u>     | <u>3,762,934</u>               |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (60,468)          | 4,536           | (2,594,324)          | (2,650,256)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                   |                 |                      |                                |
| Developer Advance                                       | 61,056            | -               | 1,674                | 62,730                         |
| Total Other Financing Sources                           | <u>61,056</u>     | <u>-</u>        | <u>1,674</u>         | <u>62,730</u>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | 588               | 4,536           | (2,592,650)          | (2,587,526)                    |
| Fund Balances - Beginning of Year                       | <u>(6,174)</u>    | <u>182</u>      | <u>24,371,216</u>    | <u>24,365,224</u>              |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ (5,586)</u> | <u>\$ 4,718</u> | <u>\$ 21,778,566</u> | <u>\$ 21,777,698</u>           |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (2,587,526)

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 3,642,256

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (62,730)

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 Payable - Change in Liability (1,655,452)

Accrued Interest Payable Developer Advance - Change in Liability (11,919)

Changes in Net Position of Governmental Activities \$ (675,371)

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Budget<br>Original<br>and Final | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>   |                                 |                   |   |
| Property Taxes  | \$ 6,096                        | \$ 6,097          | \$ 1  |
| Specific Ownership Taxes                                | 549                             | 566               | 17  |
| Interest Income   | -                               | 122               | 122   |
| Total Revenues  | <u>6,645</u>                    | <u>6,785</u>      | <u>140</u>  |
| <b>EXPENDITURES</b>                                     |                                 |                   |   |
| Accounting  | 32,800                          | 37,080            | (4,280)   |
| Auditing  | 5,200                           | 4,800             | 400   |
| Contingency   | 3,059                           | -                 | 3,059   |
| County Treasurer's Fee                                  | 91                              | 93                | (2)   |
| Dues and Membership                                     | 500                             | 322               | 178   |
| Election  | 2,000                           | 725               | 1,275   |
| Insurance and Bonds                                     | 3,850                           | 3,821             | 29  |
| Legal   | 23,500                          | 19,272            | 4,228   |
| Miscellaneous   | 2,000                           | 1,140             | 860   |
| Total Expenditures                                      | <u>73,000</u>                   | <u>67,253</u>     | <u>5,747</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (66,355)                        | (60,468)          | 5,887   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |   |
| Developer Advance                                       | 66,554                          | 61,056            | (5,498)   |
| Total Other Financing Sources (Uses)                    | <u>66,554</u>                   | <u>61,056</u>     | <u>(5,498)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | 199                             | 588               | 389   |
| Fund Balance - Beginning of Year                        | <u>1</u>                        | <u>(6,174)</u>    | <u>(6,175)</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 200</u>                   | <u>\$ (5,586)</u> | <u>\$ (5,786)</u>                                       |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The 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 December 19, 2001, 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 approved by the City of Castle Pines (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, 2, 4 and 8 – 11 and serves as a financing District.

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, parks 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. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 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.

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, bridged, 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 of capital assets, a component of the District's net position.



**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is 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.

**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.

*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.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**Deficit**

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit was eliminated with developer advances received in 2024.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |                             |
|-----------------------------------|-----------------------------|
| Cash and Investments              | \$ 750                      |
| Cash and Investments - Restricted | <u>22,106,132</u>           |
| Total Cash and Investments        | <u><u>\$ 22,106,882</u></u> |

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

|                                      |                             |
|--------------------------------------|-----------------------------|
| Deposits with Financial Institutions | \$ 1,391,040                |
| Investments                          | <u>20,715,842</u>           |
| Total Cash and Investments           | <u><u>\$ 22,106,882</u></u> |

**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 CANYONS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

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, 2023, the District's cash deposits had a bank balance and a carrying balance of \$1,391,040.

**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, 2023, the District had the following investments:

| <u>Investment</u>  | <u>Maturity</u>                   | <u>Amount</u>        |
|--|-----------------------------------|----------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+) | Weighted-Average<br>Under 60 Days | <u>\$ 20,715,842</u> |

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), 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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

|   | Balance at<br>December 31,<br>2022 | Increases           | Decreases   | Balance at<br>December 31,<br>2023 |
|---|------------------------------------|---------------------|-------------|------------------------------------|
| <b>Governmental Activities:</b>             |                                    |                     |             |                                    |
| Capital Assets, Not Being Depreciated:      |                                    |                     |             |                                    |
| Construction in Progress                    | \$ 5,903,978                       | \$ 3,642,256        | \$ -        | \$ 9,546,234                       |
| Total Capital Assets, Not Being Depreciated | <u>5,903,978</u>                   | <u>3,642,256</u>    | <u>-</u>    | <u>9,546,234</u>                   |
| Governmental Activities Capital Assets, Net | <u>\$ 5,903,978</u>                | <u>\$ 3,642,256</u> | <u>\$ -</u> | <u>\$ 9,546,234</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, 2023:

|  | Balance at<br>December 31,<br>2022 | Additions           | Reductions       | Balance at<br>December 31,<br>2023 |
|--|------------------------------------|---------------------|------------------|------------------------------------|
| Bonds Payable:                                       |                                    |                     |                  |                                    |
| Limited Tax GO and Special Revenue Bonds Series 2021 | \$ 31,270,000                      | \$ -                | \$ -             | \$ 31,270,000                      |
| Subtotal Bonds Payable                               | <u>31,270,000</u>                  | <u>-</u>            | <u>-</u>         | <u>31,270,000</u>                  |
| Accrued Interest on:                                 |                                    |                     |                  |                                    |
| Limited Tax GO and Special Revenue Bonds Series 2021 | 808,833                            | 1,680,851           | 25,399           | 2,464,285                          |
| Subtotal Accrued Interest                            | <u>808,833</u>                     | <u>1,680,851</u>    | <u>25,399</u>    | <u>2,464,285</u>                   |
| Other Debts:   |                                    |                     |                  |                                    |
| Developer Advance - Operating                        | 121,661                            | 61,056              | -                | 182,717                            |
| Developer Advance - Capital                          | 29,144                             | 1,674               | -                | 30,818                             |
| Accrued Interest on:                                 |                                    |                     |                  |                                    |
| Developer Advance - Operating                        | 8,259                              | 10,084              | -                | 18,343                             |
| Developer Advance - Capital                          | 2,636                              | 1,835               | -                | 4,471                              |
| Subtotal Other Debts                                 | <u>161,700</u>                     | <u>74,649</u>       | <u>-</u>         | <u>236,349</u>                     |
| Total Long-Term Obligations                          | <u>\$ 32,240,533</u>               | <u>\$ 1,755,500</u> | <u>\$ 25,399</u> | <u>\$ 33,970,634</u>               |

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The detail of the District’s long-term obligations is as follows:

**Limited Tax General Obligation and Special Revenue Bonds, Series 2021<sup>(3)</sup> (the 2021 Bonds)**

Bond Proceeds

The District issued the 2021 Bonds on December 16, 2021, in the par amount of \$31,270,000. Proceeds from the sale of the Bonds were used for the purposes of (i) refunding the 2021 Note; (ii) financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure; and (iii) paying costs of issuance of the 2021 Bonds.

Details of the 2021 Bonds

The 2021 Bonds bear interest at the rate of 5.50% per annum and are payable annually on each December 1, beginning on December 1, 2022, but only from and to the extent of available Pledge Revenue. The 2021 Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of Pledged Revenue.

The 2021 Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2021 Bonds compounds annually on each December 1. In the event that any amount of principal of or interest on the 2021 Bonds remains unpaid after application of all Pledged Revenue available therefor on December 1, 2061, such amounts will be deemed discharged and no longer due and outstanding.

Optional Redemption

The 2021 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| <u>Date of Redemption</u>             | <u>Redemption Premium</u> |
|---------------------------------------|---------------------------|
| December 1, 2026 to November 30, 2027 | 3.00%                     |
| December 1, 2027 to November 30, 2028 | 2.00                      |
| December 1, 2028 to November 30, 2029 | 1.00                      |
| December 1, 2029 and Thereafter       | 0.00                      |

Pledged Revenue

The 2021 Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; (c) all Excluded Property PILOT (Payment in Lieu of Taxes) Revenues; (d) Pledged Net PIF (Public Improvement Fees); (e) all Capital Fees; (f) any District No. 3 Discretionary PIF Revenues which the District determines, in its absolute discretion, to deposit with the Trustee for application as Pledged Revenue; and (g) any other legally available moneys which the District determines, in its absolute discretion, to credit to the 2021 Bond Fund.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Bonds, Series 2021<sup>(3)</sup> (the 2021 Bonds) (Continued)**

Pledged Revenue (Continued)

Property Tax Revenues means the ad valorem property taxes derived from the District's imposition of the Required Mill Levy, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County, and do not include specific ownership tax revenues

Required Mill Levy

The District is required to levy on all taxable property of the District the Required Mill Levy which is an ad valorem mill levy imposed each year in an amount equal to 45 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cur or abatement on or after January 1, 2020) or such lesser mill levy that will generate Property Tax Revenues which, when combined with moneys then on deposit in the 2021 Bond Fund, will pay the Bonds in full in the year such levy is collected.

Excluded Property PILOT Revenues

Certain real property has been excluded from the District's boundaries (the Excluded Property). Pursuant to a Declaration of Covenants Concerning Payments in Lieu of Taxes, the owner of such excluded real property will make an Annual Fee payment to the District. Annual Fee means an annual payment in lieu of taxes in an amount equal to \$100,000, which amount will be increased by 1% on January 1 of each calendar year after the calendar year of the date on which the District issues the 2021 Bonds; however, the Annual Fee will not be due or payable until the Annual Fee Commencement Date (generally meaning the date the City issues the first temporary certificate of occupancy or final certificate of occupancy for any building or structure on the Excluded Property), will be paid in arrears, and will be prorated for the calendar year in which the Annual Fee Commencement Date occurs.

Pledged Net PIF Revenues

The Indenture defines Pledged Net PIF Revenues as the Gross PIF Revenues, net of any PIF collection costs. Gross PIF Revenues are, collectively, the portions of revenue derived from imposition of the following:

- (a) the Credit PIF (currently equal to 50% of the City's Sales/Use Tax rate (currently 2.75%)), but solely to the extent derived from the following (and subject to the limitations of the Annexation and Development Agreement):
  - (i) Credit PIF Construction Activities occurring within, or otherwise relating to, property within the District and the Excluded Property and collected prior to the PIF Termination Date; and
  - (ii) Credit PIF Retail Sales occurring from or within the Excluded Property and collected prior to the Credit PIF Termination Date.
- (b) the Add-On PIF, currently at 3%, but solely to the extent derived from Add-On Retail Sales occurring from or within the Excluded Property and collected prior to the Add-On PIF Termination Date.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Bonds, Series 2021<sup>(3)</sup> (the 2021 Bonds) (Continued)**

**Pledged Revenue (Continued)**

Pledged Net PIF Revenues (Continued)

The PIF Covenant imposes a Credit PIF on Credit PIF Construction Activities and a Credit PIF on Credit PIF Retail Sales in lieu of a portion of the City's Sales Tax. The Add-On PIF is not in lieu of any portion of the City's sales tax and is therefore in addition to sales taxes.

The Pledged Net PIF Revenue is expected to be collected by Canyons Metropolitan District No. 1 (District No. 1) and remitted to the Trustee pursuant to the PIF Collection Agreements and the PIF Assignment Agreement (whereby District No. 1 has assigned all right, title, and interest in the Pledged Net PIF Revenue to the District).

Capital Fees

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature, if any, (excluding periodic, recurring service charges) now or hereafter imposed by the District, including and without limitation, the Facilities Fees. Capital Fees do not include any fee imposed solely for the purpose of funding operation and maintenance expenses.

The District imposes a Facilities Fee in the amount of \$4,000 for each single-family residential unit within the District and \$2,000 for each multi-family residential unit within the District. The Facilities Fees for multi-family residential units are due and payable upon the issuance of a building permit for such multi-family residential units. The Facilities Fees for residential lots are due and payable upon the earlier to occur of i) the initial transfer of a residential lot to a third-party builder, or ii) the issuance of a building permit for a residential unit on a residential lot. The Facilities Fee Resolution does not contemplate any Facilities Fees relating to commercial space.

District No. 3 Discretionary PIF Revenues

The Indenture defines District No. 3 Discretionary PIF Revenues as the portions of revenue derived from imposition of the following in accordance with the PIF Covenant: (a) the Credit PIF, but solely to the extent derived from Credit PIF Retail Sales occurring from or within the District; (b) the Add-On PIF, but solely to the extent derived from: (i) Add-On PIF Retail Sales occurring from or within the District, and (ii) Add-On PIF Construction Activities occurring within, or otherwise relating to property within the District or the Excluded Property.

**Bonds Debt Service**

The annual debt service requirements of the 2021 Bonds are not currently determinable since they are payable only from available Pledged Revenue.



**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Bonds, Series 2021<sup>(3)</sup> (the 2021 Bonds) (Continued)**

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) The District fails or refused to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or Bond Resolution, and fails to remedy the same after notice thereof; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

The Series 2021 Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Series 2021 Bonds.

The Series 2021 Bonds are not subject to early termination. The Series 2021 Bonds are not subject to acceleration.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At December 31, 2023, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

|                                 | Amount<br>Authorized<br>November 4,<br>2014 | Authorization<br>Used -<br>Series<br>2020 Bonds | Authorization<br>Used -<br>Series<br>2021 Bonds | Authorized<br>But<br>Unissued |
|---------------------------------|---|---|---|-------------------------------|
| Streets                         | \$ 226,000,000                              | \$ -  | \$ 15,223,060                                   | \$ 210,776,940                |
| Water                           | 226,000,000                                 | -   | 4,660,120                                       | 221,339,880                   |
| Sewer/Sanitation                | 226,000,000                                 | 183,000   | 11,184,288                                      | 214,632,712                   |
| Parks and Recreation            | 226,000,000                                 | -   | -   | 226,000,000                   |
| Public Transportation           | 226,000,000                                 | -   | -   | 226,000,000                   |
| Television Relay                | 226,000,000                                 | -   | -   | 226,000,000                   |
| Mosquito Control                | 226,000,000                                 | -   | -   | 226,000,000                   |
| Security Services               | 226,000,000                                 | -   | -   | 226,000,000                   |
| Fire Protection                 | 226,000,000                                 | -   | -   | 226,000,000                   |
| Safety Protection               | 226,000,000                                 | -   | -   | 226,000,000                   |
| Refundings                      | 226,000,000                                 | -   | 202,532   | 225,797,468                   |
| Intergovernmental Agreements    | 226,000,000                                 | -   | -   | 226,000,000                   |
| Private Agreements              | 226,000,000                                 | -   | -   | 226,000,000                   |
| Operations and Maintenance Debt | 226,000,000                                 | -   | -   | 226,000,000                   |
| Special Assessment Indebtedness | 226,000,000                                 | -   | -   | 226,000,000                   |
| Total                           | <u>\$ 3,390,000,000</u>                     | <u>\$ 183,000</u>                               | <u>\$ 31,270,000</u>                            | <u>\$ 3,358,547,000</u>       |

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

Pursuant to the Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 59.000 mills. Both the operations and maintenance and the debt service portion of 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.

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.

**Developer Advance**

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

**Operations Funding and Reimbursement Agreement**

The District and North Canyons Development Company, LLC (NCDC) entered into a Funding and Reimbursement Agreement (the Operations Funding Agreement) on September 21, 2020, whereby NCDC agreed to loan moneys to the District for the purpose of covering revenue shortfalls with respect to operation and maintenance expenses of the District.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advance (Continued)**

**Operations Funding and Reimbursement Agreement (Continued)**

Under the Operations Funding Agreement, NCDC agrees to loan the District up to \$50,000 per year (the Annual O&M Loan Cap), for four years, not to exceed \$200,000 (subject to increase as described below, the Maximum Loan Amount). 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, 2023 (the O&M Loan Obligation Termination Date).

Thereafter, the O&M Loan Obligation Termination Date will automatically extend for additional one-year terms unless NCDC provides written notice to the District of termination at least 30 days prior to December 31 of each year. Upon each automatic one-year extension of the O&M Loan Obligation Termination Date, NCDC agrees to loan to the District one or more sums of money up to the Annual O&M Loan Cap, and the Maximum Loan Amount shall be increased by the additional amount of such Annual O&M Loan Cap for each extension year, if any.

Each loan advance made under the Operations Funding Agreement accrues simple interest at the rate of 6.5% per annum from the date of such advance until the date the applicable O&M Reimbursement Obligation is issued (or the date such advance is repaid, if earlier).

The obligations under the Operating Funding Agreement shall not extend beyond 30 years from the effective date of the agreement (September 21, 2050).

Obligations under the Operations Funding Agreement shall not constitute a debt or indebtedness by the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal-year financial obligation and shall be at all times subject to annual appropriation by the District, in its absolute discretion.

As of December 31, 2023, \$182,717 of principal and \$18,343 of interest are outstanding under this Agreement

**Capital Funding and Reimbursement Agreement**

The District and NCDC entered into a Funding and Reimbursement Agreement (Capital) on December 10, 2021, (the Capital Funding Agreement) whereby NCDC agreed to loan moneys to the District for the purpose of funding certain capital costs of the District.

Under the Capital Funding Agreement, NCDC agrees to loan the District up to \$50,000 per year (the Annual Capital Loan Cap), for four years, up to the aggregate of \$200,000 (subject to increase as described below, the Maximum Capital Loan Amount). Interest accrues at a rate of 6.0% 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, 2024 (the Capital Loan Obligation Termination Date). Thereafter, the Capital Loan Obligation Termination Date will automatically extend for additional one-year terms unless NCDC provides written notice to the District of termination at least 30 days prior to December 31 of each year.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advance (Continued)**

**Capital Funding and Reimbursement Agreement (Continued)**

Upon each automatic one-year extension of the Capital Loan Obligation Termination Date, NCDC agrees to loan to the District one or more sums of money up to the Annual Capital Loan Cap, and the Maximum Capital Loan Amount shall be increased by the additional amount of such Annual Capital Loan Cap for each extension year, if any.

The obligations under the Capital Funding Agreement shall not extend beyond 30 years from the effective date of the agreement (December 10, 2051).

Obligations under the Capital Funding Agreement shall not constitute a debt or indebtedness by the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal-year financial obligation and shall be at all times subject to annual appropriation by the District, in its absolute discretion.

As of December 31, 2023, \$30,818 of principal and \$4,471 of interest are outstanding under this Agreement.

**Infrastructure Acquisition and Project Fund Disbursement Agreement**

The District and NCDC entered into an Infrastructure Acquisition and Project Fund Disbursement Agreement, dated as of November 22, 2021, pursuant to which the District and NCDC agreed, among other things, that the District will reimburse NCDC for District Eligible Costs incurred by NCDC for Public Infrastructure.

Pursuant to the terms of this Agreement, the Developer may be reimbursed for the following categories of District Eligible Costs:

- (i) Public Infrastructure which is to be conveyed to another governmental entity with final, preliminary or conditional acceptance by the applicable governmental entity.
- (ii) Public Infrastructure which is to be conveyed to another governmental entity without final, preliminary or conditional acceptance by the applicable governmental entity.
- (iii) Public Infrastructure which is to be owned, operated and maintained by the District.
- (iv) Funds advanced to or on behalf of the District for District Eligible Costs.

The Infrastructure Acquisition and Project Fund Disbursement Agreement also contains provisions for NCDC to initiate a request for the District's acceptance of District Eligible Costs. The District will obtain an Engineer's Cost Certification and Accountant's Cost Certification and then the District will accept the District Eligible Costs by adopting a resolution. Within three business days of receiving a District Eligible Cost Acceptance Resolution, the District shall make a requisition in the amount of the Certified District Eligible Costs from the Project Fund held by the Trustee, which requisition shall direct that the Trustee make payment of the applicable amount directly to NCDC.

As of December 31, 2023, no amounts were outstanding under this Agreement.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Public Infrastructure Construction Agreement**

The District and NCDC entered into a Public Infrastructure Construction Agreement, dated as of January 31, 2022, pursuant to which the District and NCDC agreed, among other things, that the District will construct certain Public Infrastructure that will serve property within the boundaries of the District. The District has agreed to construct the Public Infrastructure in accordance with the plans and specifications referenced in the agreement. The District will, upon written request from NCDC, provide written updates as to the status of the completion of the Public Infrastructure and any impediments the District has knowledge of that would likely prevent the Public Infrastructure or any material component thereof from being completed in accordance with such schedule of completion.

As of December 31, 2023, no amounts were outstanding under this Agreement.

**Reimbursement Agreement (The Canyons – Eastern Loop Waterline)**

The District and Shea Canyons, LLC entered into a reimbursement agreement, dated as of June 16, 2022, and as amended on January 18, 2023, pursuant to which the District and Shea Canyons, LLC agreed, among other things, for the District to design and construct or cause to be designed and constructed the Eastern Loop in accordance with plans and specifications approved by Parker Water and Sanitation District (Parker Water).

The District and Shea Canyons, LLC desire to split the cost for the design, construction, and installation of the Eastern Loop. These costs include but are not limited to engineering and design fees, labor and material costs, equipment costs, construction oversight and management fees, all costs for obtaining easements or other property interests, fees incurred for the issuance of a letter of credit required by the line extension agreement with Parker Water, fees required to be paid by Parker Water, any warranty surety required by Parker Water, any costs incurred by the District for the maintenance, repair or upkeep of the Eastern Loop until the date of actual acceptance by Parker Water, and any other related fees, costs, or expenses (collectively, the Project Costs), with the District paying 64% of the Project Costs and Shea Canyons, LLC paying 36% of the Project Costs.

Shea Canyons, LLC shall reimburse the District or cause the District to be reimbursed for 36% of all Projects Costs, provided that such costs do not exceed the amounts shown in the most recent Budget approved by the Parties. The District will invoice Shea as Project Costs are incurred, with such invoice to include reasonable supporting documentation detailing and substantiating the Project Costs incurred including, as applicable, a copy of the payment requests submitted by contractors, the District's project manager, or engineers or other consultants working on the Eastern Loop project. Shea Canyons, LLC agrees to pay each invoice withing 30 days of receipt.

As of December 31, 2023, no amounts were outstanding under this Agreement.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 NET POSITION**

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

Restricted 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 legislation. The District had restricted net position as of December 31, 2023 as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Restricted Net Position:      |                            |
| Emergencies                   | \$ 300                     |
| Capital Projects              | 1,171,745                  |
| Total Restricted Net Position | \$ 1,172,045               |

The District had a deficit unrestricted net position as of December 31, 2023. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements to be constructed.

**NOTE 7 RELATED PARTIES**

The Original landowner and developer of the property which constitutes the District is NCDC (the Original Landowner). The majority of the members of the Board of Directors are employees, owners or otherwise associated with NCDC and may have conflicts of interest in dealing with the District.

The Developer advanced funds to the District pursuant to following agreements (see Note 4 Long-Term Obligations for additional information):

Operations Funding and Reimbursement Agreement

- Purpose: To pay general, administrative, operations and maintenance costs of the District
- Parties: District and NCDC
- Original Date: September 21, 2020
- Years Covered: 2020 - 2023
- Maximum Amount: \$200,000
- Interest Rate: 6.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$182,717
- Accrued Interest Balance at December 31, 2023: \$18,343

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 RELATED PARTIES (CONTINUED)**

Capital Funding and Reimbursement Agreement

- Purpose: To pay certain capital costs of the District
- Parties: District and North Canyons
- Original Date: December 10, 2021
- Years Covered: 2021 - 2023
- Maximum Amount: \$200,000
- Interest Rate: 6.0% per annum from date of deposit
- Principal Balance at December 31, 2023: \$30,818
- Accrued Interest Balance at December 31, 2023: \$4,471

**NOTE 8 DISTRICT AGREEMENTS**

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 entity. 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. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

**Project SIA (Canyonside Filing No. 2)**

The District, NCDC and the City entered into Project SIA, dated March 25, 2022, for the purpose of providing completion of Project Improvements, as hereinafter defined, for Canyonside Filing No. 2 (Final Plat). Pursuant to the Service Plan, state statutes and the Development Agreement, the District is authorized to construct the Project Improvements and to execute this Project SIA and to perform the obligations set forth herein. This Project SIA will provide for the completion of the Project Improvements and will protect the City from the cost of completing the Project Improvements.

Subject to and in accordance with the terms and provisions of Project SIA, Master Developer and/or the District will cause their respective portions of the Project Improvements to be constructed and completed at their respective expense, in accordance with the Plans.

The obligation of the Master Developer and the District to construct and complete the Developer Improvements and the District Improvements, respectively, is conditioned upon and will arise only upon approval and recordation of the Final Plan.

At all times during construction of the Project Improvements, and until Final Acceptance thereof by the City, the City will have the right but not the duty to inspect materials and workmanship in order to ascertain compliance with the terms of the Plans, this Project SIA, the Development Agreement, and the applicable City standards and specifications.

**Escrow Agreement (District Funds)**

The District, the City and FirstBank Escrow Services, LLC (FirstBank) entered into an Escrow Agreement, dated as of March 24, 2022. The District and the City hereby appoint FirstBank as the Escrow Agent under the Project SIA, and Escrow Agent hereby accepts such appointment. Escrow Agent will establish a non-interest bearing account pursuant to this Escrow Agreement for the District Funds of \$6,532,023.90. The District has deposited funds into an account at FirstBank. Escrow Agent will deposit the District Funds into the Escrow Account and will disburse the District Funds only in accordance with the Escrow Agreement.



**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 DISTRICT AGREEMENTS (CONTINUED)**

**Escrow Agreement (District Funds) (Continued)**

The District shall be entitled to make written requests for the payment of invoices for costs of the Project Improvements from the District Funds (each, a Disbursement Request) on a monthly basis to the City and Escrow Agent, until such time as the District Funds are exhausted.

Upon receipt of a Disbursement Request, the City will have fifteen (15) business days to review the Disbursement Request and conduct any inspections that the City desires to make or request any testing by the District pursuant to the Project SIA and deliver written approval of the same.

During the year, the District requisitioned and received \$1,552,262 leaving a balance of \$1,332,524 in the Escrow Account at December 31, 2023.

**Water Main Improvement Agreement**

The District and Parker Water entered into a Water Main Improvement Agreement, dated as of June 16, 2022. The District desires to construct certain Public Infrastructure that will serve property within its boundaries and has agreed to construct the Public Infrastructure in accordance with the plans and specifications referenced in the Agreement. Parker Water wished to grant permission to the District to develop such Public Infrastructure pursuant to the Rules and Regulations of Parker Water and the terms and provisions of the Agreement.

At the time of commencement of construction of the Public Infrastructure, the District or its agent/contractor shall deposit with Parker Water, security in the form of an irrevocable Letter of Credit in a form and drawn on a financial institution acceptable to Parker Water, in the amount of 120% of the estimated cost of the construction identified in the Agreement.

The District shall warrant the Public Infrastructure for a period of two years following completion of construction by Parker Water or its agent/contractor and preliminary acceptance of such improvements by Parker Water. At the conclusion of such two-year warranty period, the District's warrant shall expire and all such improvements shall be accepted for maintenance by Parker Water.

**Agreement Among the City of Castle Pines, Colorado, the Canyons Metropolitan District No. 3 and North Canyons, LLP regarding the relocation of South Havana Street**

The District, the City and North Canyons, LLP entered into an Agreement, dated as of November 9, 2023. Pursuant to the terms of the City/County IGA, the County will convey to the City: (a) the existing South Havana Street right-of-way; (b) the benefit of easements appurtenant to the South Havana right-of-way including but not limited to easements recorded in the office of the Douglas County Clerk and Recorded; and (c) a permanent slope and drainage easement along the west side of existing South Havana Street. North Canyons will submit a preliminary plan and final plat to the City showing a proposed relocation of the South Havana Street right-of-way and the relocation of appurtenant permanent slope and drainage easements as part of a re-subdivision of adjacent real property owned by North Canyons, and will pay all application fees and costs associated with such submittals.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 DISTRICT AGREEMENTS (CONTINUED)**

**Agreement Among the City of Castle Pines, Colorado, the Canyons Metropolitan District No. 3 and North Canyons, LLP regarding the relocation of South Havana Street (Continued)**

In connection with the Final Plat submittal by North Canyons, the District shall provide construction drawings for the new street improvements to be constructed with the Relocated South Havana right-of-way for review and approval by the City and its referral agencies. The obligations of all the Parties under this Agreement are contingent upon the City's receipt of payment from the County in the amount of \$500,000 as set forth in the City/County IGA.

**NOTE 9 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 (the 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.

**NOTE 10 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 per election 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.

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|                                   | Budget<br>Original<br>and Final | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------------------|-------------------|---|
| <b>REVENUES</b>                   |                                 |                   |   |
| Property Taxes                    | \$ 30,479                       | \$ 30,477         | \$ (2)  |
| Specific Ownership Taxes          | 2,743                           | 2,826             | 83  |
| Interest Income                   | 33,000                          | 1,098             | (31,902)  |
| Facilities Fees                   | 695,000                         | -                 | (695,000)   |
| Transfers from District #1 - PIF  | 920,000                         | -                 | (920,000)   |
| Total Revenues                    | 1,681,222                       | 34,401            | (1,646,821)   |
| <b>EXPENDITURES</b>               |                                 |                   |   |
| County Treasurer's Fee            | 457                             | 466               | (9)   |
| Paying Agent Fees                 | 4,000                           | 4,000             | -   |
| Bond Interest - Series 2021       | 1,676,765                       | 25,399            | 1,651,366   |
| Total Expenditures                | 1,681,222                       | 29,865            | 1,651,357   |
| <b>NET CHANGE IN FUND BALANCE</b> | -                               | 4,536             | 4,536   |
| Fund Balance - Beginning of Year  | -                               | 182               | 182   |
| <b>FUND BALANCE - END OF YEAR</b> | \$ -                            | \$ 4,718          | \$ 4,718  |

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Budget<br>Original<br>and Final | Actual<br>Amounts    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|----------------------|---|
| <b>REVENUES</b>   |                                 |                      |   |
| Interest Income   | \$ 350,000                      | \$ 1,071,492         | \$ 721,492  |
| Cost Reimbursement From Shea                            | 1,589,400                       | -                    | (1,589,400)   |
| Total Revenues  | <u>1,939,400</u>                | <u>1,071,492</u>     | <u>(867,908)</u>  |
| <b>EXPENDITURES</b>                                     |                                 |                      |   |
| Accounting  | 11,500                          | 16,435               | (4,935)   |
| Engineering   | 615,000                         | 242,342              | 372,658   |
| Legal   | 50,000                          | 4,600                | 45,400  |
| Capital Outlay  | 10,610,000                      | 3,399,914            | 7,210,086   |
| Escrow Fee  | -                               | 2,525                | (2,525)   |
| Contingency   | 275,000                         | -                    | 275,000   |
| Total Expenditures                                      | <u>11,561,500</u>               | <u>3,665,816</u>     | <u>7,895,684</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (9,622,100)                     | (2,594,324)          | 7,027,776   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                      |   |
| Developer Advance                                       | -                               | 1,674                | 1,674   |
| Total Other Financing Sources                           | <u>-</u>                        | <u>1,674</u>         | <u>1,674</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (9,622,100)                     | (2,592,650)          | 7,029,450   |
| Fund Balance - Beginning of Year                        | <u>22,240,424</u>               | <u>24,371,216</u>    | <u>2,130,792</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 12,618,324</u>            | <u>\$ 21,778,566</u> | <u>\$ 9,160,242</u>                                     |

## **OTHER INFORMATION**

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAXES COLLECTED  
YEAR ENDED DECEMBER 31, 2023**

| Year Ended<br>December 31,                        | Assessed<br>Valuation | Percent<br>Change | Total Mills Levied    |                 |        | Total Property Taxes |           | Percent<br>Collected<br>to Levied |
|---|-----------------------|-------------------|-----------------------|-----------------|--------|----------------------|-----------|-----------------------------------|
|   |                       |                   | General<br>Operations | Debt<br>Service | Total  | Levied               | Collected |                                   |
| 2020  | \$ 310                | 0.0%              | 0.000                 | 0.000           | 0.000  | \$ -                 | \$ -      | 0.00 %                            |
| 2021  | 310                   | 0.0%              | 9.000                 | 45.000          | 54.000 | 17                   | 17        | 100.00 %                          |
| 2022  | 1,230                 | 296.8%            | 9.000                 | 45.000          | 54.000 | 66                   | 66        | 100.00 %                          |
| 2023  | 659,910               | 53551.2%          | 9.237                 | 46.185          | 55.422 | 36,574               | 36,574    | 100.00 %                          |
| Estimated for<br>Year Ending<br>December 31, 2024 | \$ 4,701,630          | 612.5%            | 9.484                 | 47.424          | 56.908 | \$ 267,560           |           |                                   |

Note:  
Property taxes collected in any one year include collection of delinquent

Source: Douglas County Assessor and Treasurer.



**CONTINUING DISCLOSURE OF ANNUAL INFORMATION AS  
REQUIRED BY THE LIMITED TAX GENERAL OBLIGATION AND  
SPECIAL REVENUE BONDS, SERIES 2021<sup>(3)</sup>**

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
 ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY OF THE DISTRICT  
 AND SCHEDULE OF LARGEST TAXPAYERS WITHIN THE DISTRICT  
 YEAR ENDED DECEMBER 31, 2023**

**2023 Assessed and "Actual" Valuation of Classes of Property of the District**

| <u>Class</u>               | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Assessed<br/>Valuation</u> | <u>"Actual"<br/>Valuation</u> | <u>Percent of<br/>"Actual"<br/>Valuation</u> |
|----------------------------|-------------------------------|--|-------------------------------|--|
| Residential - Multi-Family | \$ 2,164,000                  | 46.03 %                                      | \$ 32,298,443                 | 78.03 %                                      |
| Agricultural               | 1,230                         | 0.03   | 4,658                         | 0.01   |
| Vacant Land                | 2,297,550                     | 48.87  | 8,234,944                     | 19.89  |
| Personal Property          | 238,710                       | 5.08   | 855,585                       | 2.07   |
| Natural Resources          | 140                           | 0.00   | 512                           | 0.00   |
|                            | <u>\$ 4,701,630</u>           | <u>100.00 %</u>                              | <u>\$ 41,394,142</u>          | <u>100.00 %</u>                              |

**2023 Largest Taxpayers Within the District**

|                                       | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Total Assessed<br/>Valuation</u> |
|---------------------------------------|-------------------------------|--|
| Canyons Multifamily Owner LLC         | \$ 2,359,780                  | 50.19 %  |
| CR Canyonside Investors LLC           | 1,612,540                     | 34.30  |
| North Canyons Development Company LLC | 727,640                       | 15.48  |
| City of Castle Pines                  | 1,030                         | 0.02   |
| North Canyons LLLP                    | 640                           | 0.01   |
| Total                                 | <u>\$ 4,701,630</u>           | <u>100.00 %</u>                                    |

**THE CANYONS METROPOLITAN  
DISTRICT NO. 5  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Canyons Metropolitan District No. 5  
Douglas County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of The Canyons Metropolitan District No. 5 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 opinions.

### ***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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*Dazio & Associates, P.C.*

June 3, 2024

## **BASIC FINANCIAL STATEMENTS**



**THE CANYONS METROPOLITAN DISTRICT NO. 5  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

|                                      | Governmental<br>Activities |
|--------------------------------------|----------------------------|
| <b>ASSETS</b>                        |                            |
| Cash and Investments - Restricted    | \$ 7,027,933               |
| Accounts Receivable                  | 13,919                     |
| Prepaid Insurance                    | 4,534                      |
| Due from District No. 6              | 4,439                      |
| Receivable from County Treasurer     | 11,639                     |
| Property Tax Receivable              | 3,592,536                  |
| Total Assets                         | 10,655,000                 |
| <b>LIABILITIES</b>                   |                            |
| Accounts Payable                     | 16,407                     |
| Accrued Bond Interest                | 241,066                    |
| Noncurrent Liabilities:              |                            |
| Due in More Than One Year            | 125,441,596                |
| Total Liabilities                    | 125,699,069                |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |
| Deferred Property Tax                | 3,592,536                  |
| Total Deferred Inflows of Resources  | 3,592,536                  |
| <b>NET POSITION</b>                  |                            |
| Restricted for:                      |                            |
| Emergency Reserve                    | 1,600                      |
| Net Position - Unrestricted          | (118,638,205)              |
| Total Net Position                   | \$ (118,636,605)           |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

|   |                            | Program Revenues                         |  |                            | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|---|----------------------------|--|--|----------------------------|--|
| Expenses  | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities |  |
| <b>FUNCTIONS/PROGRAMS</b>                       |                            |  |  |                            |  |
| Primary Government:                             |                            |  |  |                            |  |
| Governmental Activities:                        |                            |  |  |                            |  |
| General Government                              | \$ 74,757                  | \$ -                                     | \$ -                                   | \$ -                       | \$ (74,757)  |
| Public Works                                    | 9,571,042                  | -  | -                                      | -                          | (9,571,042)  |
| Interest on Long-Term Debt<br>and Related Costs | 8,481,673                  | -  | -                                      | 786,352                    | (7,695,321)  |
| Total Governmental Activities                   | \$ 18,127,472              | \$ -                                     | \$ -                                   | \$ 786,352                 | (17,341,120)   |
| <b>GENERAL REVENUES</b>                         |                            |  |  |                            |  |
| Property Taxes                                  |                            |  |  |                            | 1,938,295  |
| Specific Ownership Taxes                        |                            |  |  |                            | 179,747  |
| Interest Income                                 |                            |  |  |                            | 378,627  |
| Total General Revenues and Transfers            |                            |  |  |                            | 2,496,669  |
| <b>CHANGES IN NET POSITION</b>                  |                            |  |  |                            | (14,844,451)   |
| Net Position - Beginning of Year                |                            |  |  |                            | (103,792,154)  |
| <b>NET POSITION - END OF YEAR</b>               |                            |  |  |                            | \$ (118,636,605)   |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

|  | General   | Debt<br>Service | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|-----------|-----------------|---------------------|--------------------------------|
| <b>ASSETS</b>  |           |                 |                     |                                |
| Cash and Investments - Restricted  | \$ 1,386  | \$ 7,026,547    | \$ -                | \$ 7,027,933                   |
| Receivable from County Treasurer   | 284       | 11,355          | -                   | 11,639                         |
| Accounts Receivable  | -         | 13,919          | -                   | 13,919                         |
| Due from Other Funds   | 979       | -               | -                   | 979                            |
| Prepaid Insurance  | 4,534     | -               | -                   | 4,534                          |
| Due from District No. 6  | -         | 4,439           | -                   | 4,439                          |
| Property Tax Receivable  | 87,579    | 3,504,957       | -                   | 3,592,536                      |
| Total Assets   | \$ 94,762 | \$ 10,561,217   | \$ -                | \$ 10,655,979                  |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |           |                 |                     |                                |
| <b>LIABILITIES</b>   |           |                 |                     |                                |
| Accounts Payable   | \$ 10,666 | \$ 5,695        | \$ 46               | \$ 16,407                      |
| Due to Other Funds   | -         | 979             | -                   | 979                            |
| Total Liabilities  | 10,666    | 6,674           | 46                  | 17,386                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |           |                 |                     |                                |
| Deferred Property Tax  | 87,579    | 3,504,957       | -                   | 3,592,536                      |
| Total Deferred Inflows of Resources                                      | 87,579    | 3,504,957       | -                   | 3,592,536                      |
| <b>FUND BALANCES</b>   |           |                 |                     |                                |
| Nonspendable:  |           |                 |                     |                                |
| Prepaid Expense  | 4,534     | -               | -                   | 4,534                          |
| Restricted for:  |           |                 |                     |                                |
| Emergency Reserves   | 1,600     | -               | -                   | 1,600                          |
| Debt Service   | -         | 7,049,586       | -                   | 7,049,586                      |
| Capital Projects   | -         | -               | -                   | -                              |
| Unassigned   | (9,617)   | -               | (46)                | (9,663)                        |
| Total Fund Balances  | (3,483)   | 7,049,586       | (46)                | 7,046,057                      |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances   | \$ 94,762 | \$ 10,561,217   | \$ -                |                                |

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

Deferred inflows of resources for leases are applicable to future long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|  |              |
|--|--------------|
| Accrued Bond Interest                    | (14,390,101) |
| Accrued Interest on Developer Advances   | (2,823,789)  |
| Bonds Payable                            | (85,315,609) |
| Developer Advance Payable                | (306,941)    |
| Public Improvement Reimbursement Payable | (22,846,222) |

Net Position of Governmental Activities \$ (118,636,605)

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

|                                       | General           | Debt<br>Service     | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---------------------------------------|-------------------|---------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                       |                   |                     |                     |                                |
| Property Taxes                        | \$ 47,294         | \$ 1,891,001        | \$ -                | \$ 1,938,295                   |
| Specific Ownership Taxes              | 4,386             | 175,361             | -                   | 179,747                        |
| Interest Income                       | 27                | 378,600             | -                   | 378,627                        |
| Facilities Fees                       | -                 | 380,000             | -                   | 380,000                        |
| Acceptance of Reimbursable Costs      | -                 | -                   | 9,818,222           | 9,818,222                      |
| PIF Revenue                           | -                 | 406,352             | -                   | 406,352                        |
| Total Revenues                        | <u>51,707</u>     | <u>3,231,314</u>    | <u>9,818,222</u>    | <u>13,101,243</u>              |
| <b>EXPENDITURES</b>                   |                   |                     |                     |                                |
| Current:                              |                   |                     |                     |                                |
| Accounting                            | 38,321            | 5,124               | 3,123               | 46,568                         |
| Auditing                              | 4,900             | -                   | -                   | 4,900                          |
| County Treasurer's Fee                | 710               | 28,380              | -                   | 29,090                         |
| Directors' Fees                       | 400               | -                   | -                   | 400                            |
| Dues and Membership                   | 336               | -                   | -                   | 336                            |
| Election                              | 1,628             | -                   | -                   | 1,628                          |
| Insurance                             | 3,821             | -                   | -                   | 3,821                          |
| Legal                                 | 15,601            | -                   | 162                 | 15,763                         |
| Miscellaneous                         | 631               | -                   | -                   | 631                            |
| Debt Service:                         |                   |                     |                     |                                |
| Bond Interest - Series 2017A          | -                 | 2,892,794           | -                   | 2,892,794                      |
| Bond Interest - Series 2017B          | -                 | 273,019             | -                   | 273,019                        |
| Paying Agent Fees                     | -                 | 8,500               | -                   | 8,500                          |
| Capital Projects:                     |                   |                     |                     |                                |
| Recognition of Costs                  | -                 | -                   | 9,818,222           | 9,818,222                      |
| Total Expenditures                    | <u>66,348</u>     | <u>3,207,817</u>    | <u>9,821,507</u>    | <u>13,095,672</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b> |                   |                     |                     |                                |
| Developer Advance                     | 14,043            | -                   | 18,279              | 32,322                         |
| Total Other Financing Sources         | <u>14,043</u>     | <u>-</u>            | <u>18,279</u>       | <u>32,322</u>                  |
| <b>NET CHANGE IN FUND BALANCES</b>    | (598)             | 23,497              | 14,994              | 37,893                         |
| Fund Balances - Beginning of Year     | <u>(2,885)</u>    | <u>7,026,089</u>    | <u>(15,040)</u>     | <u>7,008,164</u>               |
| <b>FUND BALANCES - END OF YEAR</b>    | <u>\$ (3,483)</u> | <u>\$ 7,049,586</u> | <u>\$ (46)</u>      | <u>\$ 7,046,057</u>            |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

|  |    |        |
|--|----|--------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 37,893 |
|--|----|--------|

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

|                   |  |             |
|-------------------|--|-------------|
| Developer Advance |  | (9,603,364) |
|-------------------|--|-------------|

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 Payable - Change in Liability                   |  | (3,426,676)        |
| Accrued Interest Payable Developer Advance - Change in Liability |  | (19,223)           |
| Amortization of Bond Discount                                    |  | (19,219)           |
| Public Improvements Reimbursement Interest Payable               |  | <u>(1,813,862)</u> |

|  |  |                        |
|--|--|------------------------|
| Changes in Net Position of Governmental Activities |  | <u>\$ (14,844,451)</u> |
|--|--|------------------------|

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Budget<br>Original and<br>Final | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>   |                                 |                   |   |
| Property Taxes  | \$ 47,243                       | \$ 47,294         | \$ 51   |
| Specific Ownership Taxes                                | 4,252                           | 4,386             | 134   |
| Interest Income   | -                               | 27                | 27  |
| Total Revenues  | <u>51,495</u>                   | <u>51,707</u>     | <u>212</u>  |
| <b>EXPENDITURES</b>                                     |                                 |                   |   |
| Accounting  | 42,000                          | 38,321            | 3,679   |
| Auditing  | 5,200                           | 4,900             | 300   |
| Contingency   | 841                             | -                 | 841   |
| County Treasurer's Fee                                  | 709                             | 710               | (1)   |
| Directors' Fees   | 1,000                           | 400               | 600   |
| Dues and Membership                                     | 750                             | 336               | 414   |
| Election  | 5,000                           | 1,628             | 3,372   |
| Insurance   | 5,000                           | 3,821             | 1,179   |
| Legal   | 26,000                          | 15,601            | 10,399  |
| Miscellaneous   | 1,500                           | 631               | 869   |
| Total Expenditures                                      | <u>88,000</u>                   | <u>66,348</u>     | <u>21,652</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (36,505)                        | (14,641)          | 21,864  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |   |
| Developer Advance                                       | 36,905                          | 14,043            | (22,862)  |
| Total Other Financing Sources (Uses)                    | <u>36,905</u>                   | <u>14,043</u>     | <u>(22,862)</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>                       | 400                             | (598)             | (998)   |
| Fund Balance - Beginning of Year                        | <u>1,200</u>                    | <u>(2,885)</u>    | <u>(4,085)</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 1,600</u>                 | <u>\$ (3,483)</u> | <u>\$ (5,083)</u>                                       |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The Canyons Metropolitan District No. 5 (the 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 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 – 4 and 6 – 11 and serves as a financing District.

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, including water, sanitation, streets, security services, parks and recreation, public transportation, traffic and safety, limited fire protection, limited television relay and translation, and mosquito control. Property within the Service Area will be provided water and sanitation services by Parker Water & Sanitation District (PSWD) pursuant to a Real Property Inclusion Agreement dated on or about February 27, 2003, as supplemented by a Memorandum of Understanding of the same date. For so long as PSWD, or other water and sanitation provider is providing water and sanitation services to the Service Area, the Districts shall not be permitted to own, operate or maintain water and sanitation improvements unless the same is necessary prior to the final acceptance of such water and sanitation improvements by PSWD or other appropriate service provider. Notwithstanding the foregoing limitation, the Districts shall be expressly permitted to undertake the construction and financing of water and sanitation improvements.

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.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 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. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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 CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

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

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

**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 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.

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.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Original Issue Discount/Premium**

In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**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 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 of enabling legislation.

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

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**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.

*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.

**Deficit**

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit was eliminated with developer advances received in 2024.

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit was eliminated with developer advances received in 2024.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |                     |
|-----------------------------------|---------------------|
| Cash and Investments - Restricted | \$ 7,027,933        |
| Total Cash and Investments        | <u>\$ 7,027,933</u> |

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

|                                      |                     |
|--------------------------------------|---------------------|
| Deposits with Financial Institutions | \$ 1,387            |
| Investments                          | 7,026,546           |
| Total Cash and Investments           | <u>\$ 7,027,933</u> |

**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, 2023, the District's cash deposits had a bank balance and a carrying balance of \$1,387.

**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.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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, 2023, the District had the following investments:

| <u>Colorado Surplus Asset Fund Trust</u>     | <u>Maturity</u>                   | <u>Amount</u>       |
|--|-----------------------------------|---------------------|
| Colorado Surplus Asset Fund Trust<br>(CSAFE) | Weighted-Average<br>Under 60 Days | \$ 7,026,546        |
|  |                                   | <u>\$ 7,026,546</u> |

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE (Continued)**

CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

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

|   | Balance at<br>December 31,<br>2022 | Additions            | Reductions        | Balance at<br>December 31,<br>2023 | Due<br>Within<br>One Year |
|---|------------------------------------|----------------------|-------------------|------------------------------------|---------------------------|
| <b>Governmental Activities</b>  |                                    |                      |                   |                                    |                           |
| Bonds Payable:  |                                    |                      |                   |                                    |                           |
| Limited Tax GO and Special Revenue Refunding and Improvement Bonds Series 2017A | \$ 47,500,000                      | \$ -                 | \$ -              | \$ 47,500,000                      | \$ -                      |
| Subordinate Limited Tax GO and Special Revenue Bonds Series 2017B               | 11,925,000                         | -                    | -                 | 11,925,000                         | -                         |
| Discount on Series 2017   | (360,610)                          | 19,219               | -                 | (341,391)                          | -                         |
| Limited Tax GO and Special Revenue Bonds Series 2016                            | 26,232,000                         | -                    | -                 | 26,232,000                         | -                         |
| Accrued Interest Series 2017B   | 6,375,481                          | 1,464,039            | 273,019           | 7,566,501                          | -                         |
| Series 2016   | 4,346,878                          | 2,235,656            | -                 | 6,582,534                          | -                         |
| Subtotal Bonds Payable  | <u>96,018,749</u>                  | <u>3,718,914</u>     | <u>273,019</u>    | <u>99,464,644</u>                  | <u>-</u>                  |
| Other Debts:  |                                    |                      |                   |                                    |                           |
| Developer Advance - Operating   | 254,834                            | 14,043               | -                 | 268,877                            | -                         |
| Developer Advance - Capital   | 19,785                             | 18,279               | -                 | 38,064                             | -                         |
| Public Improvement Reimbursement Agreement                                      | 13,275,180                         | 9,571,042            | -                 | 22,846,222                         | -                         |
| Accrued Interest on:  |                                    |                      |                   |                                    |                           |
| Developer Advance - Operating   | 52,000                             | 16,999               | -                 | 68,999                             | -                         |
| Developer Advance - Capital   | 1,241                              | 2,224                | -                 | 3,465                              | -                         |
| Public Improvement Reimbursement Agreement                                      | 937,463                            | 1,813,862            | -                 | 2,751,325                          | -                         |
| Subtotal Other Debts  | <u>14,540,503</u>                  | <u>11,436,449</u>    | <u>-</u>          | <u>25,976,952</u>                  | <u>-</u>                  |
| Total Long-Term Obligations   | <u>\$ 110,559,252</u>              | <u>\$ 15,155,363</u> | <u>\$ 273,019</u> | <u>\$ 125,441,596</u>              | <u>\$ -</u>               |

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

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

**Series 2017A Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds**

On May 25, 2017, the District issued \$47,500,000 of Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds. The proceeds from the sale of the 2017A Bonds were used to:

- (a) finance the acquisition, construction, and installation of certain public improvements;
- (b) refund the outstanding balance on the 2016 Bonds;
- (c) fund the Capitalized Interest Fund;
- (d) fund the Senior Reserve Fund; and
- (e) pay the costs of issuing the Bonds.

The Series 2017A Bonds bear interest at rates ranging from 6.000% to 6.125%, payable semi-annually on June 1 and December 1 each year, to the extent of Senior Pledged Revenue available therefor, beginning on December 1, 2017. Annual mandatory sinking fund principal payments on the Series 2017A Bonds are due on December 1, beginning on December 1, 2026. The Series 2017A Bonds mature on December 1, 2047.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The Series 2017A Bonds are secured by and payable solely from and to the extent of the Senior Pledged Revenue, net of any costs of collection, which is defined generally in the 2017A Indenture as:

- (a) the Senior Property Tax Revenues;
- (b) the Senior Specific Ownership Tax Revenues attributable to the Senior Required Mill Levy;
- (c) Capital Fees, including particularly and without limitation, the Facilities Fees;
- (d) Pledged PIF Revenues; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Pledged Revenue that is not needed to pay debt service on the Series 2017A Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$2,375,000. The Senior Surplus Fund is established and held as an account of the Trustee, and moneys therein are to be used solely for the purpose of paying the principal of and interest on the Series 2017A Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017A Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds (Continued)**

Amounts on deposit in the Senior Surplus Fund (if any) on the maturity date of the Series 2017A Bonds shall be applied to the payment of the Series 2017A Bonds.

The Series 2017A Bonds are further secured by amounts on deposit in the Senior Reserve Fund, which was funded with proceeds from the Series 2017A Bonds in the amount of the Required Reserve of \$4,529,294.

The Series 2017A Indenture provides a Senior Required Mill Levy be imposed in an amount sufficient to pay the principal of, premium if any, and interest on the Series 2017A Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and, solely to the extent provided in the Senior Indenture, the Senior Surplus Fund and the Senior Reserve Fund) and to replenish the Senior Reserve Fund to the Senior Reserve Requirement, but not in excess of 40.000 mills (as adjusted). For so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 40.000 mills (as adjusted), or such lesser amount that will generate Senior Property Tax Revenues (i) sufficient to pay the principal of, premium if any, and interest on the Series 2017A Bonds as the same become due and payable, and to fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (ii) which, when combined with moneys then on deposit in the Senior Bond Fund, the Senior Surplus Fund and the Senior Reserve Fund, will pay the Series 2017A Bonds in full. Such maximum and minimum mill levies are subject to adjustment per changes in the residential assessment rate and in the method of calculating assessed valuation after January 1, 2009.

**Events of Default**

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) The District fails or refused to impose the Senior Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or Bond Resolution, and fails to remedy the same after notice thereof; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.



**THE CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017A Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds (Continued)**

The Series 2017A Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Series 2017A Bonds.

The Series 2017A Bonds are not subject to early termination. The Series 2017A Bonds are not subject to acceleration.

The District's long-term obligation will mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2024                            | \$ -                 | \$ 2,892,794         | \$ 2,892,794         |
| 2025                            | -                    | 2,892,794            | 2,892,794            |
| 2026                            | 20,000               | 2,892,794            | 2,912,794            |
| 2027                            | 260,000              | 2,891,594            | 3,151,594            |
| 2028                            | 560,000              | 2,875,994            | 3,435,994            |
| 2029-2033                       | 5,615,000            | 13,619,770           | 19,234,770           |
| 2034-2038                       | 8,900,000            | 11,544,970           | 20,444,970           |
| 2039-2043                       | 13,080,000           | 8,362,155            | 21,442,155           |
| 2044-2047                       | 19,065,000           | 3,412,237            | 22,477,237           |
| Total                           | <u>\$ 47,500,000</u> | <u>\$ 51,385,102</u> | <u>\$ 98,885,102</u> |

**Series 2017B Subordinate Limited Tax General Obligation and Special Revenue Bonds**

On May 25, 2017, the District issued \$11,925,000 of Limited Tax General Obligation and Special Revenue Bonds. The proceeds from the sale of the Series 2017B Bonds were used to finance the acquisition, construction, and installation of certain public improvements.

The Series 2017B Bonds bear an interest rate of 8.00% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The Series 2017B Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal or interest thereof prior to the final maturity date. Rather, principal on the Series 2017B Bonds is payable on each December 15 (if at all) from, and solely to the extent of, Subordinate Pledged Revenue (if any) remaining after the payment of interest then due on the Series 2017B Bonds on December 15 of the then current year. Unpaid interest on the 2017B Bonds compounds annually on each December 15.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017B Subordinate Limited Tax General Obligation and Special Revenue Bonds (Continued)**

The Series 2017B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, net of any costs of collection, which is defined generally in the 2017B Indenture as:

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues attributable to the Subordinate Required Mill Levy;
- (c) all Subordinate Capital Fee Revenue, including particularly and without limitation, the Facilities Fees;
- (d) all Subordinate PIF Revenue; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Pursuant to the Series 2017B Indenture, the District has further covenanted to levy a Subordinate Required Mill Levy each year in the amount equal to (i) 40.000 mills (as adjusted from January 1, 2009) less the Senior Required Mill Levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the 2017B Bonds in full.

**Events of Default**

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) The District fails or refused to impose the Senior Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or Bond Resolution, and fails to remedy the same after notice thereof; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

The Series 2017B Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Series 2017B Bonds.

The Series 2017B Bonds are not subject to early termination. The Series 2017B Bonds are not subject to acceleration.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017B Subordinate Limited Tax General Obligation and Special Revenue Bonds (Continued)**

Due to the uncertainty of the timing of the principal and interest payments on the Series 2017B Bonds, a schedule of the timing of these payments is not available.

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds**

The District previously authorized its Limited Tax General Obligation and Special Revenue Bonds, Series 2016, in the aggregate principal amount of up to \$68,664,991 and, of such amount, on November 10, 2016, the District issued \$1,535,003 in aggregate principal amount. The Series 2016 Bonds were authorized to be issued from time to time in accordance with an Indenture of Trust between the District and UMB Bank, n.a., as trustee thereunder (the 2016 Trustee) dated as of November 1, 2016, as amended by the First Supplemental Indenture of Trust between the District and the 2016 Trustee dated as of May 25, 2017 (the 2016 First Supplement), and as further amended by the Second Supplemental Indenture of Trust between the District and the 2016 Trustee dated as of September 29, 2020 (the 2016 Second Supplement and, as supplemented, the 2016 Indenture).

Proceeds of the Series 2017A Bonds were used to refund the outstanding balance of the Series 2016 Bonds in the principal amount of \$1,535,003. The 2016 First Supplement decreased the total authorized principal amount of the Series 2016 Bonds from \$68,664,991 to \$11,485,003 based on the then-anticipated residential development within the District. In 2020, the District was advised of changes to the anticipated residential development within the District which allowed the District to increase the amount of the Series 2016 Bonds that can be reasonably expected to be repaid from Pledged Revenue.

The District entered into the 2016 Second Supplement to increase the total authorized aggregate principal amount to \$27,767,003 (including the previously issued bonds), to add a discharge provision to occur on December 15, 2067, and to allow additional draws to occur for a three-year period.

The 2016 Indenture and related documents allow additional draws on the Series 2016 Bonds of up to \$26,232,000 in aggregate principal amount for the purpose of paying the Original Landowner amounts due pursuant to the District's Reimbursement Obligation under the Master Reimbursement Agreement to the extent proceeds of the Series 2017A and 2017B Bonds are insufficient for such purpose. On May 11, 2020, the District issued \$9,950,000 of principal, on September 29, 2020, the District issued \$4,060,000 of principal, and on November 18, 2020, the District issued \$3,209,454 of principal. On February 8, 2021, the District issued \$2,514,997 of principal, on May 10, 2021, the District issued \$4,687,025 of principal and on June 18, 2021, the District issued \$1,810,524 of principal, which has resulted in an authorized and unissued aggregate principal balance of \$-0-. Repayment of the Series 2016 Bonds is fully subordinate and junior to the payment of the 2017A Bonds and the 2017B Bonds.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds (Continued)**

The Series 2016 Bonds bear an interest rate of 7.00% per annum and are payable annually on December 15, but only to the extent of available Pledged Revenue. The Series 2016 Bonds mature on December 15, 2057. The Series 2016 Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Series 2016 Bonds is payable on each December 15 (if at all) from, and solely to the extent of, Pledged Revenue (if any) remaining after the payment of interest then due on the Series 2016 Bonds on December 15 of the then current year. Unpaid interest on the Series 2016 Bonds compounds annually on each December 15.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The Series 2016 Bonds are subject to optional redemption, prior to maturity, at the option of the District, on any date upon payment of par, and accrued interest, without redemption premium.

**Events of Default**

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) The District fails or refused to impose the Senior Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or Bond Resolution, and fails to remedy the same after notice thereof; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

The Series 2016 Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Series 2016 Bonds.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds (Continued)**

The Series 2016 Bonds are not subject to early termination. The Series 2016 Bonds are not subject to acceleration.

The Series 2016 Bonds are secured by and payable solely from and to the extent of the Pledged Revenue, net of any costs of collection, which is defined generally in the 2016 Indenture as the following, net of any costs of collection:

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues;
- (c) all Capital Fees;
- (d) all Pledged PIF Revenues; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the 2016 Bond Fund; and to the extent not included in the foregoing, any other revenues pledged to the payment of Senior Obligations after deduction of any amount applied to the payment of any Senior Obligation Annual Debt Service Requirements.

Property Tax Revenues means all moneys derived from imposition by the District of the 2016 Bond Required Mill Levy and excludes Specific Ownership Tax Revenues. Property Tax Revenues are net of the costs of collection and any tax refunds or abatement authorized by or on behalf of the County.

Pursuant to the 2016 Indenture, the District has covenanted to impose a 2016 Bond Required Mill Levy upon all taxable property of the District in an amount equal to 40 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2009, but in no event in excess of 50 mills (without adjustment)) less the then applicable Senior Required Mill Levy. The Series 2017A Bonds and Series 2017B Bonds constitute Senior Obligations under the 2016 Indenture.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At December 31, 2023, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

|                                 | Amount<br>Authorized<br>May 4,<br>2010 | Amount<br>Authorized<br>November 4,<br>2014 | Authorization<br>Used -<br>Series<br>2016 Bonds | Authorization<br>Used -<br>Series<br>2017 Bonds | Authorized<br>But<br>Unissued |
|---------------------------------|--|---|---|---|-------------------------------|
| Streets                         | \$ 100,000,000                         | \$ 226,000,000                              | \$ 13,468,089                                   | \$ 12,987,080                                   | \$ 299,544,831                |
| Water                           | 100,000,000                            | 226,000,000                                 | 2,399,126                                       | 13,423,477                                      | 310,177,397                   |
| Sanitation                      | 100,000,000                            | 226,000,000                                 | 9,904,041                                       | 18,700,068                                      | 297,395,891                   |
| Parks and Recreation            | 100,000,000                            | 226,000,000                                 | 1,995,747                                       | 12,034,375                                      | 311,969,878                   |
| 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<br>Maintenance   | 100,000,000                            | 226,000,000                                 | -   | -   | 326,000,000                   |
| Refundings                      | 100,000,000                            | 226,000,000                                 | -   | 744,997   | 325,255,003                   |
| Intergovernmental<br>Agreements | 100,000,000                            | 226,000,000                                 | -   | -   | 326,000,000                   |
| Indebtedness                    | -                                      | 226,000,000                                 | -   | -   | 226,000,000                   |
| <b>Total</b>                    | <b>\$ 1,300,000,000</b>                | <b>\$ 3,390,000,000</b>                     | <b>\$ 27,767,003</b>                            | <b>\$ 57,889,997</b>                            | <b>\$ 4,604,343,000</b>       |

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. The maximum mill levy is to be adjusted for increases or decreases in the residential assessment ratio and the method of calculating assessed valuation so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result.

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.

**Developer Advance**

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

**Operations Funding and Reimbursement Agreement**

The District and North Canyons, LLLP (North Canyons) entered into a Funding and Reimbursement Agreement (Operations and Maintenance) on October 26, 2016, and as amended on November 29, 2017 (Operations Funding Agreement) whereby North Canyons agreed to loan moneys to the District for the purpose of covering revenue shortfalls with respect to operation and maintenance expenses of the District.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advance (Continued)**

**Operations Funding and Reimbursement Agreement (Continued)**

Under the Operations Funding Agreement, North Canyons agrees to loan the District up to \$50,000 per year (the Annual O&M Loan Cap), for four years (being fiscal years 2016, 2017, 2018, and 2019), not to exceed \$200,000 (subject to increase as described below, the Maximum Loan Amount). Interest accrues at a rate of 6.5% 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, 2019 (the O&M Loan Obligation Termination Date). Thereafter, the O&M Loan Obligation Termination Date will automatically extend for additional one-year terms unless North Canyons provides written notice to the District of termination at least 30 days prior to December 31 of each year. Upon each automatic one-year extension of the O&M Loan Obligation Termination Date, North Canyons agrees to loan to the District one or more sums of money up to the Annual O&M Loan Cap, and the Maximum Loan Amount shall be increased by the additional amount of such Annual O&M Loan Cap for each extension year, if any.

Each loan advance made under the Operations Funding Agreement accrues simple interest at the rate of 6.5% per annum from the date of such advance until the date the applicable O&M Reimbursement Obligation is issued (or the date such advance is repaid, if earlier).

As of December 31, 2023, \$268,877 of principal and \$68,999 of interest are outstanding under this Agreement.

**Capital Funding and Reimbursement Agreement**

North Canyons entered into a Funding and Reimbursement Agreement (Capital) on February 22, 2017, and as amended on November 29, 2017 (the Capital Funding Agreement) whereby North Canyons agreed to loan moneys to the District for the purpose of funding certain capital costs of the District.

Under the Capital Funding Agreement, North Canyons agrees to loan the District up to \$60,000 per year (the Annual Capital Loan Cap), for four years (being fiscal years 2017, 2018, 2019, and 2020), up to the aggregate of \$240,000 (subject to increase as described below, the Maximum Capital Loan Amount). Interest accrues at a rate of 6.5% 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, 2020 (the Capital Loan Obligation Termination Date). Thereafter, the Capital Loan Obligation Termination Date will automatically extend for additional one-year terms unless North Canyons provides written notice to the District of termination at least 30 days prior to December 31 of each year. Upon each automatic one-year extension of the Capital Loan Obligation Termination Date, North Canyons agrees to loan to the District one or more sums of money up to the Annual Capital Loan Cap, and the Maximum Capital Loan Amount shall be increased by the additional amount of such Annual Capital Loan Cap for each extension year, if any.

As of December 31, 2023, \$38,064 of principal and \$3,465 of interest are outstanding under this Agreement.

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Public Improvements Reimbursement Agreement**

North Canyons entered into a Public Improvement Reimbursement Agreement, dated as of October 26, 2016 and as amended and restated on May 25, 2017 and further amended on September 28, 2020, pursuant to which the District and North Canyons agreed, among other things, that the District No. 5 Reimbursement Obligation (as defined in the Master Reimbursement Agreement – see Note 7) will be paid by the District to North Canyons from the issuance of Bonds. The Public Improvements Reimbursement Agreement also contains provisions relating to the expectation that the Master Builder is expected to carry out its obligations to cause the construction of Public Improvements. District No. 7 shall provide a certificate to the District pertaining to the District-Eligible Public Improvements so constructed for reimbursement. Reimbursement obligations accrue at an interest rate of 7.5% simple interest, annually.

As of December 31, 2023, \$22,846,222 of principal and \$2,751,325 of interest are outstanding under this Agreement.

**NOTE 5 NET POSITION**

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

Restricted 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 legislation. The District had restricted net position as of December 31, 2023 as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Restricted Net Position:      |                            |
| Emergencies                   | \$ 1,600                   |
| Total Restricted Net Position | \$ 1,600                   |

The District had a deficit unrestricted net position as of December 31, 2023. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements to be constructed and conveyed to other entities by District No. 7.



**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 RELATED PARTIES**

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

The Developer advanced funds to the District pursuant to following agreements (see Note 4 Long-Term Obligations and see Note 7 Agreements for additional information):

Operations Funding and Reimbursement Agreement

- Purpose: To pay general, administrative, operations and maintenance costs of the District
- Parties: District and North Canyons
- Original Date/Amended Date: October 25, 2016/November 29, 2017
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: \$200,000
- Interest Rate: 6.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$268,877
- Accrued Interest Balance at December 31, 2023: \$68,999

Capital Funding and Reimbursement Agreement

- Purpose: To pay certain capital costs of the District
- Parties: District and North Canyons
- Original Date/Amended Date: February 22, 2017/November 29, 2017
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: \$240,000
- Interest Rate: 6.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$38,064
- Accrued Interest Balance at December 31, 2023: \$3,465

Public Improvements Reimbursement Agreement

- Purpose: To pay District-Eligible Public Improvements
- Parties: District and North Canyons
- Original Date/Amended Date: October 26, 2016/May 25, 2017/September 28, 2020
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: not stated
- Interest Rate: 7.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$22,846,222
- Accrued Interest Balance at December 31, 2023: \$2,751,325

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 DISTRICT AGREEMENTS**

**Master Reimbursement Agreement**

The District entered into a Master Reimbursement Agreement (the Agreement) with The Canyons Metropolitan District No. 6 (District No. 6) and The Canyons Metropolitan District No. 7 (District No. 7), the Original Landowner, the Master Builder, and Oread Canyons, LLC (Oread), a Colorado limited liability company. Pursuant to the Agreement, the District 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. District No. 7 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 Consolidated 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. The District 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 and changes in the method of calculating assessed valuation. The District and District No. 6 will each impose 1.000 mill as adjusted to pay for the respective District's administrative costs as adjusted. District No. 7 will impose 17.000 mills for operations as adjusted.

The Agreement states that the District is also entitled to 80% of PIF Revenues and Facilities Fees, and is obligated to pay 80% 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.

**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 entity. 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. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 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 8 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.

**NOTE 9 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.

**THE CANYONS METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

On May 4, 2010 and November 4, 2014, the District voters passed an election question to increase property taxes \$100,000,000 per election 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.

## **SUPPLEMENTARY INFORMATION**

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|                                   | Budget<br>Original and<br>Final | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------------------|---------------------|---|
| <b>REVENUES</b>                   |                                 |                     |   |
| Property Taxes                    | \$ 1,891,050                    | \$ 1,891,001        | \$ (49)   |
| Specific Ownership Taxes          | 170,195                         | 175,361             | 5,166   |
| Interest Income                   | 275,000                         | 378,600             | 103,600   |
| Facilities Fees                   | 904,000                         | 380,000             | (524,000)   |
| PIF Revenue                       | 969,669                         | 406,352             | (563,317)   |
| Total Revenues                    | <u>4,209,914</u>                | <u>3,231,314</u>    | <u>(978,600)</u>  |
| <b>EXPENDITURES</b>               |                                 |                     |   |
| Accounting                        | 12,700                          | 5,124               | 7,576   |
| County Treasurer's Fee            | 28,366                          | 28,380              | (14)  |
| Paying Agent Fees                 | 9,500                           | 8,500               | 1,000   |
| Bond Interest - Series 2017A      | 2,892,794                       | 2,892,794           | -   |
| Bond Interest - Series 2017B      | 1,266,554                       | 273,019             | 993,535   |
| Total Expenditures                | <u>4,209,914</u>                | <u>3,207,817</u>    | <u>1,002,097</u>  |
| <b>NET CHANGE IN FUND BALANCE</b> | -                               | 23,497              | 23,497  |
| Fund Balance - Beginning of Year  | <u>6,904,294</u>                | <u>7,026,089</u>    | <u>121,795</u>  |
| <b>FUND BALANCE - END OF YEAR</b> | <u>\$ 6,904,294</u>             | <u>\$ 7,049,586</u> | <u>\$ 145,292</u>                                       |

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Budget<br>Original and<br>Final | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>   |                                 |                   |   |
| Acceptance of Reimbursable Costs                        | \$ 17,408,473                   | \$ 9,818,222      | \$ (7,590,251)  |
| Total Revenues  | <u>17,408,473</u>               | <u>9,818,222</u>  | <u>(7,590,251)</u>                                      |
| <b>EXPENDITURES</b>                                     |                                 |                   |   |
| Accounting  | 3,500                           | 3,123             | 377   |
| Legal   | 15,000                          | 162               | 14,838  |
| Recognition of Costs                                    | 17,408,473                      | 9,818,222         | 7,590,251   |
| Total Expenditures                                      | <u>17,426,973</u>               | <u>9,821,507</u>  | <u>7,605,466</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (18,500)                        | (3,285)           | 15,215  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |   |
| Developer Advance                                       | 18,500                          | 18,279            | (221)   |
| Total Other Financing Sources (Uses)                    | <u>18,500</u>                   | <u>18,279</u>     | <u>(221)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | -                               | 14,994            | 14,994  |
| Fund Balance - Beginning of Year                        | <u>-</u>                        | <u>(15,040)</u>   | <u>(15,040)</u>   |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ -</u>                     | <u>\$ (46)</u>    | <u>\$ (46)</u>  |

## **OTHER INFORMATION**



**THE CANYONS METROPOLITAN DISTRICT NO. 5  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY –  
LONG-TERM DEBT  
DECEMBER 31, 2023**

| <u>Bonds and Interest<br/>Maturing in the<br/>Year Ending December 31,</u> | \$47,500,000 General Obligation Refunding Bonds<br>Series 2017A<br>Interest 6.0% - 6.125%<br>Dated May 25, 2017<br>Interest Payable June 1 and December 1<br>Principal Payable December 1 |                 |               |
|--|---|-----------------|---------------|
|  | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>  |
| 2024   | \$ -  | \$ 2,892,794    | \$ 2,892,794  |
| 2025   | -   | 2,892,794       | 2,892,794     |
| 2026   | 20,000  | 2,892,794       | 2,912,794     |
| 2027   | 260,000   | 2,891,594       | 3,151,594     |
| 2028   | 560,000   | 2,875,994       | 3,435,994     |
| 2029   | 800,000   | 2,842,394       | 3,642,394     |
| 2030   | 1,040,000   | 2,794,394       | 3,834,394     |
| 2031   | 1,135,000   | 2,731,994       | 3,866,994     |
| 2032   | 1,280,000   | 2,663,894       | 3,943,894     |
| 2033   | 1,360,000   | 2,587,094       | 3,947,094     |
| 2034   | 1,520,000   | 2,505,494       | 4,025,494     |
| 2035   | 1,610,000   | 2,414,294       | 4,024,294     |
| 2036   | 1,785,000   | 2,317,694       | 4,102,694     |
| 2037   | 1,895,000   | 2,210,594       | 4,105,594     |
| 2038   | 2,090,000   | 2,096,894       | 4,186,894     |
| 2039   | 2,220,000   | 1,968,881       | 4,188,881     |
| 2040   | 2,440,000   | 1,832,906       | 4,272,906     |
| 2041   | 2,585,000   | 1,683,456       | 4,268,456     |
| 2042   | 2,830,000   | 1,525,125       | 4,355,125     |
| 2043   | 3,005,000   | 1,351,787       | 4,356,787     |
| 2044   | 3,275,000   | 1,167,731       | 4,442,731     |
| 2045   | 3,475,000   | 967,137         | 4,442,137     |
| 2046   | 3,775,000   | 754,294         | 4,529,294     |
| 2047   | 8,540,000   | 523,075         | 9,063,075     |
| Total  | \$ 47,500,000   | \$ 51,385,102   | \$ 98,885,102 |

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
AND ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY OF THE DISTRICT  
DECEMBER 31, 2023**

| Year Ended<br>December 31, | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property<br>Tax Levy | Mills<br>Levied | Property Taxes |           | Percent<br>Collected<br>to Levied |
|----------------------------|---|-----------------|----------------|-----------|-----------------------------------|
|                            |   |                 | Levied         | Collected |                                   |
| 2019                       | \$ 13,330   | 45.222          | \$ 602         | \$ 602    | 100.00 %                          |
| 2020                       | 8,754,870   | 45.643          | 399,599        | 399,599   | 100.00                            |
| 2021                       | 18,434,090  | 45.643          | 841,387        | 841,389   | 100.00                            |
| 2022                       | 30,777,170  | 45.643          | 1,404,762      | 1,402,742 | 99.86                             |
| 2023                       | 43,302,200  | 44.762          | 1,938,293      | 1,938,295 | 100.00                            |

Estimated for  
Year Ending  
December 31, 2024    \$ 72,498,860                      49.553    \$ 3,592,536

**NOTE:**

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

**2023 Assessed and "Actual" Valuation of Classes of Property of the District**

| Class             | Assessed<br>Valuation | Percent of<br>Assessed<br>Valuation | "Actual"<br>Valuation | Percent of<br>"Actual"<br>Valuation |
|-------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| Residential       | \$ 54,496,130         | 75.17%                              | \$ 813,370,441        | 92.65%                              |
| Agricultural      | 5,810                 | 0.01%                               | 22,051                | 0.00%                               |
| Natural Resources | 2,170                 | 0.00%                               | 7,765                 | 0.00%                               |
| State Assessed    | 3,700                 | 0.01%                               | 13,262                | 0.00%                               |
| Vacant Land       | 16,934,070            | 23.36%                              | 60,696,095            | 6.91%                               |
| Personal Property | 1,056,980             | 1.46%                               | 3,788,480             | 0.43%                               |
| <b>Total</b>      | <b>\$ 72,498,860</b>  | <b>100.00%</b>                      | <b>\$ 877,898,094</b> | <b>100.00%</b>                      |

**THE CANYONS METROPOLITAN DISTRICT NO. 5  
SCHEDULE OF LARGEST TAXPAYERS WITHIN THE DISTRICT  
DECEMBER 31, 2023**

**2023 Largest Taxpayers Within the District**

|   | 2023 Assessed<br>Valuation | Percent of<br>Total Assessed<br>Valuation |
|---|----------------------------|---|
| Shea Canyons LLC                            | \$ 13,425,670              | 18.52%                                    |
| Tri Pointe Homes                            | 903,510                    | 1.25%                                     |
| Infinity Home Collection at The Canyons LLC | 449,830                    | 0.62%                                     |
| Shea Homes                                  | 318,370                    | 0.44%                                     |
| Individuals                                 | 740,020                    | 1.02%                                     |
| Total                                       | \$ 15,837,400              | 21.85%                                    |

**THE CANYONS METROPOLITAN  
DISTRICT NO. 6  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Canyons Metropolitan District No. 6  
Douglas County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of The Canyons Metropolitan District No. 6 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 opinions.

### ***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.

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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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*Duggio & Associates, P.C.*

June 3, 2024



## **BASIC FINANCIAL STATEMENTS**

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

|                                      | Governmental<br>Activities    |
|--------------------------------------|-------------------------------|
| <b>ASSETS</b>                        |                               |
| Cash and Investments                 | \$ 996                        |
| Cash and Investments - Restricted    | 1,767,784                     |
| Prepaid Insurance                    | 3,121                         |
| Receivable from County Treasurer     | 3,123                         |
| Property Tax Receivable              | <u>963,800</u>                |
| Total Assets                         | <u>2,738,824</u>              |
| <b>LIABILITIES</b>                   |                               |
| Accounts Payable                     | 9,833                         |
| Due to District No. 5                | 4,439                         |
| Accrued Interest                     | 60,229                        |
| Noncurrent Liabilities:              |                               |
| Due in More Than One Year            | <u>31,670,262</u>             |
| Total Liabilities                    | <u>31,744,763</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                               |
| Deferred Property Tax                | <u>963,800</u>                |
| Total Deferred Inflows of Resources  | <u>963,800</u>                |
| <b>NET POSITION</b>                  |                               |
| Restricted for:                      |                               |
| Emergency Reserve                    | 1,600                         |
| Net Position - Unrestricted          | <u>(29,971,339)</u>           |
| Total Net Position                   | <u><u>\$ (29,969,739)</u></u> |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

|   |                            | Program Revenues                         |  |                            | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|---|----------------------------|--|--|----------------------------|--|
| Expenses  | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities |  |
| <b>FUNCTIONS/PROGRAMS</b>                       |                            |  |  |                            |  |
| Primary Government:                             |                            |  |  |                            |  |
| Governmental Activities:                        |                            |  |  |                            |  |
| General Government                              | \$ 62,874                  | \$ -                                     | \$ -                                   | \$ -                       | \$ (62,874)  |
| Recognition of Public Improvement Costs         | 2,391,456                  | -  | -                                      | -                          | (2,391,456)  |
| Interest on Long-Term Debt<br>and Related Costs | 2,123,307                  | -  | -                                      | 197,588                    | (1,925,719)  |
| Total Governmental Activities                   | \$ 4,577,637               | \$ -                                     | \$ -                                   | \$ 197,588                 | (4,380,049)  |
| <b>GENERAL REVENUES</b>                         |                            |  |  |                            |  |
| Property Taxes                                  |                            |  |  |                            | 519,974  |
| Specific Ownership Taxes                        |                            |  |  |                            | 48,219   |
| Interest Income                                 |                            |  |  |                            | 91,726   |
| Total General Revenues and Transfers            |                            |  |  |                            | 659,919  |
| <b>CHANGES IN NET POSITION</b>                  |                            |  |  |                            |  |
|   |                            |  |  |                            | (3,720,130)  |
| Net Position - Beginning of Year                |                            |  |  |                            | (26,249,609)   |
| <b>NET POSITION - END OF YEAR</b>               |                            |  |  |                            |  |
|   |                            |  |  |                            | \$ (29,969,739)  |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

| <b>ASSETS</b>  | General          | Debt<br>Service     | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|------------------|---------------------|---------------------|--------------------------------|
| Cash and Investments   | \$ 896           | \$ -                | \$ -                | \$ 896                         |
| Cash and Investments - Restricted  | 1,600            | 1,766,284           | -                   | 1,767,884                      |
| Receivable from County Treasurer   | 284              | 2,839               | -                   | 3,123                          |
| Prepaid Insurance  | 3,121            | -                   | -                   | 3,121                          |
| Property Tax Receivable  | 87,579           | 876,221             | -                   | 963,800                        |
|  | <u>\$ 93,480</u> | <u>\$ 2,645,344</u> | <u>\$ -</u>         | <u>\$ 2,738,824</u>            |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                  |                     |                     |                                |
| <b>LIABILITIES</b>   |                  |                     |                     |                                |
| Accounts Payable   | \$ 9,787         | \$ -                | \$ 46               | \$ 9,833                       |
| Due to District No. 5  | -                | 4,439               | -                   | 4,439                          |
| Total Liabilities  | <u>9,787</u>     | <u>4,439</u>        | <u>46</u>           | <u>14,272</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                  |                     |                     |                                |
| Deferred Property Tax  | 87,579           | 876,221             | -                   | 963,800                        |
| Total Deferred Inflows of Resources                                      | <u>87,579</u>    | <u>876,221</u>      | <u>-</u>            | <u>963,800</u>                 |
| <b>FUND BALANCES</b>   |                  |                     |                     |                                |
| Nonspendable:  |                  |                     |                     |                                |
| Prepaid Expense  | 3,121            | -                   | -                   | 3,121                          |
| Restricted for:  |                  |                     |                     |                                |
| Emergency Reserves   | 1,600            | -                   | -                   | 1,600                          |
| Debt Service   | -                | 1,764,684           | -                   | 1,764,684                      |
| Unassigned   | (8,607)          | -                   | (46)                | (8,653)                        |
| Total Fund Balances  | <u>(3,886)</u>   | <u>1,764,684</u>    | <u>(46)</u>         | <u>1,760,752</u>               |
|  | <u>\$ 93,480</u> | <u>\$ 2,645,344</u> | <u>\$ -</u>         |                                |

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|   |                     |
|---|---------------------|
| Bonds Payable                                       | (21,310,628)        |
| Developer Advance Payable                           | (264,908)           |
| Public Improvement Reimbursement Payable            | (5,770,692)         |
| Public Improvement Reimbursement Payable - Interest | (700,773)           |
| Accrued Bond Interest                               | (3,614,632)         |
| Accrued Interest on Developer Advance               | (68,858)            |
|   | <u>(29,969,739)</u> |

Net Position of Governmental Activities

\$ (29,969,739)

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

|   | General           | Debt<br>Service     | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|-------------------|---------------------|---------------------|--------------------------------|
| <b>REVENUES</b>   |                   |                     |                     |                                |
| Property Taxes  | \$ 47,214         | \$ 472,760          | \$ -                | \$ 519,974                     |
| Specific Ownership Taxes                                | 4,383             | 43,836              | -                   | 48,219                         |
| Interest Income   | 24                | 91,702              | -                   | 91,726                         |
| Facilities Fees   | -                 | 96,000              | -                   | 96,000                         |
| PIF Revenue   | -                 | 101,588             | -                   | 101,588                        |
| Total Revenues  | <u>51,621</u>     | <u>805,886</u>      | <u>-</u>            | <u>857,507</u>                 |
| <b>EXPENDITURES</b>                                     |                   |                     |                     |                                |
| Current:  |                   |                     |                     |                                |
| Accounting  | 30,871            | 1,325               | 2,846               | 35,042                         |
| Auditing  | 5,400             | -                   | -                   | 5,400                          |
| County Treasurer's Fee                                  | 709               | 7,095               | -                   | 7,804                          |
| Directors' Fees   | 400               | -                   | -                   | 400                            |
| Dues and Membership                                     | 329               | -                   | -                   | 329                            |
| Election  | 1,472             | -                   | -                   | 1,472                          |
| Insurance   | 3,021             | -                   | -                   | 3,021                          |
| Legal   | 15,708            | -                   | 162                 | 15,870                         |
| Miscellaneous   | 631               | -                   | -                   | 631                            |
| Debt Service:   |                   |                     |                     |                                |
| Bond Interest - Series 2017A                            | -                 | 722,750             | -                   | 722,750                        |
| Bond Interest - Series 2017B                            | -                 | 23,842              | -                   | 23,842                         |
| Paying Agent Fees                                       | -                 | 8,500               | -                   | 8,500                          |
| Capital Projects:                                       |                   |                     |                     |                                |
| Recognition of Public Improvement Costs                 | -                 | -                   | 2,454,555           | 2,454,555                      |
| Total Expenditures                                      | <u>58,541</u>     | <u>763,512</u>      | <u>2,457,563</u>    | <u>3,279,616</u>               |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (6,920)           | 42,374              | (2,457,563)         | (2,422,109)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                   |                     |                     |                                |
| Acceptance of Reimbursable Costs                        | -                 | -                   | 2,454,555           | 2,454,555                      |
| Developer Advance                                       | 11,065            | -                   | 14,804              | 25,869                         |
| Total Other Financing Sources                           | <u>11,065</u>     | <u>-</u>            | <u>2,469,359</u>    | <u>2,480,424</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>                      | 4,145             | 42,374              | 11,796              | 58,315                         |
| Fund Balances - Beginning of Year                       | <u>(8,031)</u>    | <u>1,722,310</u>    | <u>(11,842)</u>     | <u>1,702,437</u>               |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ (3,886)</u> | <u>\$ 1,764,684</u> | <u>\$ (46)</u>      | <u>\$ 1,760,752</u>            |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

|  |    |        |
|--|----|--------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 58,315 |
|--|----|--------|

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

|                   |  |             |
|-------------------|--|-------------|
| Developer Advance |  | (2,417,325) |
|-------------------|--|-------------|

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 Payable - Change in Liability                                    |  | (881,218) |
| Accrued Interest Payable Developer Advance - Change in Liability                  |  | (16,947)  |
| Accrued Interest Payable - Public Improvement Reimbursement - Change in Liability |  | (457,974) |
| Amortization of Bond Premium  |  | (4,981)   |
|   |  | (4,981)   |

|  |    |             |
|--|----|-------------|
| Changes in Net Position of Governmental Activities | \$ | (3,720,130) |
|--|----|-------------|

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|                                       | Original and<br>Final Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------------------|-------------------|---|
| <b>REVENUES</b>                       |                              |                   |   |
| Property Taxes                        | \$ 47,243                    | \$ 47,214         | \$ (29)   |
| Specific Ownership Taxes              | 4,252                        | 4,383             | 131   |
| Interest Income                       | 30                           | 24                | (6)   |
| Total Revenues                        | <u>51,525</u>                | <u>51,621</u>     | <u>96</u>   |
| <b>EXPENDITURES</b>                   |                              |                   |   |
| Accounting                            | 36,200                       | 30,871            | 5,329   |
| Auditing                              | 5,700                        | 5,400             | 300   |
| Contingency                           | 1,541                        | -                 | 1,541   |
| County Treasurer's Fee                | 709                          | 709               | -   |
| Directors' Fees                       | 1,000                        | 400               | 600   |
| Dues and Membership                   | 350                          | 329               | 21  |
| Election                              | 4,000                        | 1,472             | 2,528   |
| Insurance                             | 3,500                        | 3,021             | 479   |
| Legal                                 | 27,000                       | 15,708            | 11,292  |
| Miscellaneous                         | 1,000                        | 631               | 369   |
| Total Expenditures                    | <u>81,000</u>                | <u>58,541</u>     | <u>22,459</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b> |                              |                   |   |
| Developer Advance                     | 29,875                       | 11,065            | (18,810)  |
| Total Other Financing Sources (Uses)  | <u>29,875</u>                | <u>11,065</u>     | <u>(18,810)</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>     | 400                          | 4,145             | 3,745   |
| Fund Balance - Beginning of Year      | <u>1,200</u>                 | <u>(8,031)</u>    | <u>(9,231)</u>  |
| <b>FUND BALANCE - END OF YEAR</b>     | <u>\$ 1,600</u>              | <u>\$ (3,886)</u> | <u>\$ (5,486)</u>                                       |

See accompanying Notes to Basic Financial Statements.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The 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 approved by the City of Castle Pines (the 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 – 5 and 7 – 11 and serves as a financing District.

The District was established to provide financing for the operations and maintenance and planning design, acquisition, installation, construction, relocation, redevelopment, and completion of public improvements, covenant enforcement services, including water, sanitation, streets, security services, parks and recreation, public transportation, traffic and safety, limited fire protection, limited television relay and translation, and mosquito control. Water and Sanitation Limitation. Property within the Service Area will be provided water and sanitation services by Parker Water & Sanitation District (PSWD) pursuant to a Real Property Inclusion Agreement dated on or about February 27, 2003, as supplemented by a Memorandum of Understanding of the same date. For so long as PSWD, or other water and sanitation provider is providing water and sanitation services to the Service Area, the District shall not be permitted to own, operate or maintain water and sanitation improvements unless the same is necessary prior to the final acceptance of such water and sanitation improvements by PSWD or other appropriate service provider. Notwithstanding the foregoing limitation, the District shall be expressly permitted to undertake the construction and financing of water and sanitation improvements.

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.



**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 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. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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 CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

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

**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 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.

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.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Original Issue Discount/Premium**

In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**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 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.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**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.

*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 General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. This deficit will be eliminated with the receipt of funds advanced by the Developer in 2024.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |              |
|-----------------------------------|--------------|
| Cash and Investments              | \$ 996       |
| Cash and Investments - Restricted | 1,767,784    |
| Total Cash and Investments        | \$ 1,768,780 |

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

|                                      |              |
|--------------------------------------|--------------|
| Deposits with Financial Institutions | \$ 7,496     |
| Investments                          | 1,761,284    |
| Total Cash and Investments           | \$ 1,768,780 |

**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, 2023, the District's cash deposits had a bank balance and a carrying balance of \$7,496.

**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.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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, 2023, the District had the following investments:

| <u>Investment</u>                            | <u>Maturity</u>                   | <u>Amount</u>       |
|--|-----------------------------------|---------------------|
| Colorado Surplus Asset Fund Trust<br>(CSAFE) | Weighted-Average<br>Under 60 Days | <u>\$ 1,761,284</u> |

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE (Continued)**

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

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

|   | Balance at<br>December 31,<br>2022 | Additions                  | Reductions              | Balance at<br>December 31,<br>2023 | Due<br>Within<br>One Year |
|---|------------------------------------|----------------------------|-------------------------|------------------------------------|---------------------------|
| <b>Bonds Payable:</b>   |                                    |                            |                         |                                    |                           |
| Limited Tax GO and Special Revenue Refunding and Improvement Bonds Series 2017A | \$ 11,800,000                      | \$ -                       | \$ -                    | \$ 11,800,000                      | \$ -                      |
| Subordinate Limited GO and Special Revenue Bonds, Series 2017B                  | 2,997,000                          | -                          | -                       | 2,997,000                          | -                         |
| Limited Tax GO and Special Revenue Bonds, Series 2016                           | 6,602,000                          | -                          | -                       | 6,602,000                          | -                         |
| Accrued Interest  |                                    |                            |                         |                                    |                           |
| Series 2017B  | 1,602,291                          | 367,943                    | 23,842                  | 1,946,392                          | -                         |
| Series 2016   | 1,070,894                          | 537,117                    | -                       | 1,608,011                          | -                         |
| Subtotal Bonds Payable  | <u>23,001,291</u>                  | <u>367,943</u>             | <u>23,842</u>           | <u>23,345,392</u>                  | <u>-</u>                  |
| <b>Other Debts:</b>   |                                    |                            |                         |                                    |                           |
| Developer Advance - Operating   | 220,433                            | 11,065                     | -                       | 231,498                            | -                         |
| Developer Advance - Capital   | 18,606                             | 14,804                     | -                       | 33,410                             | -                         |
| Public Improvement Reimbursement Agreement                                      | 3,379,236                          | 2,391,456                  | -                       | 5,770,692                          | -                         |
| Accrued Interest on:  |                                    |                            |                         |                                    |                           |
| Developer Advance - Operating   | 50,922                             | 14,996                     | -                       | 65,918                             | -                         |
| Developer Advance - Capital   | 989                                | 1,951                      | -                       | 2,940                              | -                         |
| Public Improvement Reimbursement Agreement                                      | 242,799                            | 457,974                    | -                       | 700,773                            | -                         |
| Subtotal Other Debts  | <u>3,670,186</u>                   | <u>2,434,272</u>           | <u>-</u>                | <u>6,104,458</u>                   | <u>-</u>                  |
| <b>Bond Discount:</b>   |                                    |                            |                         |                                    |                           |
| Bond Discount - Series 2017   | (93,353)                           | 4,981                      | -                       | (88,372)                           | -                         |
| Subtotal Bond Discount  | <u>(93,353)</u>                    | <u>4,981</u>               | <u>-</u>                | <u>(88,372)</u>                    | <u>-</u>                  |
| <b>Total Long-Term Obligations</b>  | <u><u>\$ 27,891,817</u></u>        | <u><u>\$ 3,802,287</u></u> | <u><u>\$ 23,842</u></u> | <u><u>\$ 31,670,262</u></u>        | <u><u>\$ -</u></u>        |

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

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

**Series 2017A Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds**

On May 25, 2017, the District issued \$11,800,000 of Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds. The proceeds from the sale of the 2017A Bonds were used to:

- (a) finance the acquisition, construction, and installation of certain public improvements;
- (b) refund the outstanding balance on the 2016 Bonds;
- (c) fund the Capitalized Interest Fund;
- (d) fund the Senior Reserve Fund; and
- (e) pay the costs of issuing the Bonds.

The Series 2017A Bonds bear interest at a rate of 6.125%, payable semi-annually on June 1 and December 1 each year, to the extent of Senior Pledged Revenue available therefor, beginning on December 1, 2017. Annual mandatory sinking fund principal payments on the Series 2017A Bonds are due on December 1, beginning on December 1, 2026. The bonds are subject to redemption prior to maturity at the option of the District on December 1, 2022, or on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed. The Series 2017A Bonds mature on December 1, 2047.

The Series 2017A Bonds are secured by and payable solely from and to the extent of the Senior Pledged Revenue, net of any costs of collection, which is defined generally in the 2017A Indenture as:

- (a) the Senior Property Tax Revenues;
- (b) the Senior Specific Ownership Tax Revenues attributable to the Senior Required Mill Levy;
- (c) Capital Fees, including particularly and without limitation, the Facilities Fees;
- (d) Pledged PIF Revenues; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Pledged Revenue that is not needed to pay debt service on the Series 2017A Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$600,000. The Senior Surplus Fund is established and held as an account of the Trustee, and moneys therein are to be used solely for the purpose of paying the principal of and interest on the Series 2017A Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose. Amounts on deposit in the Senior Surplus Fund (if any) on the maturity date of the Series 2017A Bonds shall be applied to the payment of the Series 2017A Bonds.

The Series 2017A Bonds are further secured by amounts on deposit in the Senior Reserve Fund, which was funded with proceeds from the Series 2017A Bonds in the amount of the Required Reserve of \$1,127,731.



**THE CANYONS METROPOLITAN DISTRICT NO. 6  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017A Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds (Continued)**

The Series 2017A Indenture provides a Senior Required Mill Levy be imposed in an amount sufficient to pay the principal of, premium if any, and interest on the Series 2017A Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and, solely to the extent provided in the Senior Indenture, the Senior Surplus Fund and the Senior Reserve Fund) and to replenish the Senior Reserve Fund to the Senior Reserve Requirement, but not in excess of 10.000 mills (as adjusted). For so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 10.000 mills (as adjusted), or such lesser amount that will generate Senior Property Tax Revenues (i) sufficient to pay the principal of, premium if any, and interest on the Series 2017A Bonds as the same become due and payable, and to fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (ii) which, when combined with moneys then on deposit in the Senior Bond Fund, the Senior Surplus Fund and the Senior Reserve Fund, will pay the Series 2017A Bonds in full. Such maximum and minimum mill levies are subject to adjustment per changes in the residential assessment rate and in the method of calculating assessed valuation after January 1, 2009.

The District's Series 2017A Bonds will mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2024                            | \$ -                 | \$ 722,750           | \$ 722,750           |
| 2025                            | -                    | 722,750              | 722,750              |
| 2026                            | 5,000                | 722,750              | 727,750              |
| 2027                            | 65,000               | 722,444              | 787,444              |
| 2028                            | 135,000              | 718,463              | 853,463              |
| 2029-2033                       | 1,380,000            | 3,402,744            | 4,782,744            |
| 2034-2038                       | 2,210,000            | 2,879,669            | 5,089,669            |
| 2039-2043                       | 3,260,000            | 2,082,194            | 5,342,194            |
| 2044-2047                       | 4,745,000            | 849,231              | 5,594,231            |
| Total                           | <u>\$ 11,800,000</u> | <u>\$ 12,822,995</u> | <u>\$ 24,622,995</u> |

**Series 2017B Subordinate Limited Tax General Obligation and Special Revenue Bonds**

On May 25, 2017, the District issued \$2,997,000 of Limited Tax General Obligation and Special Revenue Bonds. The proceeds from the sale of the Series 2017B Bonds were used to finance the acquisition, construction, and installation of certain public improvements.

The Series 2017B Bonds bear an interest rate of 8.00% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The Series 2017B Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal or interest thereof prior to the final maturity date. Rather, principal on the Series 2017B Bonds is payable on each December 15 (if at all) from, and solely to the extent of, Subordinate Pledged Revenue (if any) remaining after the payment of interest then due on the Series 2017B Bonds on December 15 of the then current year. Unpaid interest on the 2017B Bonds compounds annually on each December 15.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017B Subordinate Limited Tax General Obligation and Special Revenue Bonds (Continued)**

In the event that, on December 15, 2057 any amount of principal of or interest on the Series 2017B Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2017B Bonds and the lien of the Subordinate Indenture securing payment thereof is to be deemed discharged.

The Series 2017B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, net of any costs of collection, which is defined generally in the 2017B Indenture as:

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues attributable to the Subordinate Required Mill Levy;
- (c) all Subordinate Capital Fee Revenue, including particularly and without limitation, the Facilities Fees;
- (d) all Subordinate PIF Revenue; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Pursuant to the Series 2017B Indenture, the District has further covenanted to levy a Subordinate Required Mill Levy each year in the amount equal to (i) 10.000 mills (as adjusted from January 1, 2009) less the Senior Required Mill Levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the 2017B Bonds in full.

Due to the uncertainty of the timing of the principal and interest payments on the Series 2017B Bonds, a schedule of the timing of these payments is not available.

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds**

The District previously authorized its Limited Tax General Obligation and Special Revenue Bonds, Series 2016, in the aggregate principal amount of up to \$17,107,520 and, of such amount, the District has issued \$309,339 in aggregate principal amount. The Series 2016 Bonds were authorized to be issued from time to time in accordance with an Indenture of Trust between the District and UMB Bank, N.A., as trustee thereunder (the 2016 Trustee) dated as of November 1, 2016, as amended by the First Supplemental Indenture of Trust between the District and the 2016 Trustee dated as of May 25, 2017 (the 2016 First Supplement) and as further amended by the Second Supplemental Indenture of Trust between the District and the 2016 Trustee dated as of September 29, 2020 (the 2016 Second Supplement and, as supplemented, the 2016 Indenture).

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds (Continued)**

Proceeds of the Series 2017A Bonds were used to refund the outstanding balance of the Series 2016 Bonds in the principal amount of \$309,339. The 2016 First Supplement decreased the total authorized principal amount of the Series 2016 Bonds from \$17,107,520 to \$2,794,339 based on the then-anticipated residential development within the District. In 2020, the District was advised of changes to the anticipated residential development within the District which allowed the District to increase the amount of the Series 2016 Bonds that can be reasonably expected to be repaid from Pledged Revenue. The District entered into the 2016 Second Supplement to increase the total authorized aggregate principal amount to \$6,911,339 (including the previously issued bonds), to add a discharge provision to occur on December 15, 2067, and to allow additional draws to occur for a three-year period, through September 29, 2023.

The 2016 Indenture and related documents allow for additional draws on the 2016 Bonds of up to \$6,602,000 in aggregate principal amount for the purpose of paying the Original Landowner amounts due pursuant to the District's Reimbursement Obligation under the Master Reimbursement Agreement to the extent proceeds of the Series 2017A and 2017B Bonds are insufficient for such purpose. On May 11, 2020, the District issued \$2,485,000 of principal, on September 29, 2020, the District issued \$1,113,000 of principal, and on November 24, 2020, the District issued \$802,363 of principal. On February 8, 2021, the District issued \$628,749 of principal, on May 10, 2021, the District issued \$1,182,251 of principal, and on June 18, 2021, the District issued \$390,637 of principal, which has resulted in an authorized and unissued aggregate principal balance of \$-0-. Repayment of the Series 2016 Bonds is fully subordinate and junior to the payment of the 2017A Bonds and the 2017B Bonds.

The Series 2016 Bonds bear an interest rate of 7.00% per annum and are payable annually on December 15, but only to the extent of available Pledged Revenue. The Series 2016 Bonds mature on December 15, 2057. The Series 2016 Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Series 2016 Bonds is payable on each December 15 (if at all) from, and solely to the extent of, Pledged Revenue (if any) remaining after the payment of interest then due on the Series 2016 Bonds on December 15 of the then current year. Unpaid interest on the Series 2016 Bonds compounds annually on each December 15.

In the event that, on December 15, 2067, any amount of principal of or interest on the Series 2016 Bonds remains unpaid after application of all Pledged Revenue available therefor in accordance with the 2016 Indenture, the Series 2016 Bonds and the lien of the 2016 Indenture securing payment thereof is to be deemed discharged.

The Series 2016 Bonds are subject to optional redemption, prior to maturity at the option of the District, on any date upon payment of par and accrued interest, without redemption premium.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2016 Limited Tax General Obligation and Special Revenue Bonds (Continued)**

The Series 2016 Bonds are secured by and payable solely from and to the extent of the Pledged Revenue, net of any costs of collection, which is defined generally in the 2016 Indenture as the following, net of any costs of collection:

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues;
- (c) all Capital Fees;
- (d) all Pledged PIF Revenues;
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the 2016 Bond Fund; and
- (f) to the extent not included in the foregoing, any other revenues pledged to the payment of Senior Obligations after deduction of any amount applied to the payment of any Senior Obligation Annual Debt Service Requirements.

Property Tax Revenues means all moneys derived from imposition by the District of the 2016 Bond Required Mill Levy and excludes Specific Ownership Tax Revenues. Property Tax Revenues are net of the costs of collection and any tax refunds or abatement authorized by or on behalf of the County.

Pursuant to the 2016 Indenture, the District has covenanted to impose a 2016 Bond Required Mill Levy upon all taxable property of the District in an amount equal to 10 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2009, but in no event in excess of 50 mills (without adjustment)) less the then applicable Senior Required Mill Levy. The Series 2017A Bonds and Series 2017B Bonds constitute Senior Obligations under the 2016 Indenture.

Due to the uncertainty of the timing of the principal and interest payments on the Series 2016 Bonds, a schedule of the timing of these payments is not available.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At December 31, 2023, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

|                                 | Amount<br>Authorized<br>May 4,<br>2010 | Amount<br>Authorized<br>November 4,<br>2014 | Authorization<br>Used -<br>Series<br>2016 Bonds | Authorization<br>Used -<br>Series<br>2017 Bonds | Authorized<br>But<br>Unissued |
|---------------------------------|--|---|---|---|-------------------------------|
| Streets                         | \$ 100,000,000                         | \$ 226,000,000                              | \$ 3,408,709                                    | \$ 3,334,765                                    | \$ 319,256,526                |
| Water                           | 100,000,000                            | 226,000,000                                 | 582,791   | 4,636,363                                       | 320,780,846                   |
| Sanitation                      | 100,000,000                            | 226,000,000                                 | 2,461,387                                       | 3,258,383                                       | 320,280,230                   |
| Parks and Recreation            | 100,000,000                            | 226,000,000                                 | 458,452   | 3,095,489                                       | 322,446,059                   |
| 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                                 | -   | 162,661   | 325,837,339                   |
| 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>\$ 6,911,339</u>                             | <u>\$ 14,487,661</u>                            | <u>\$ 4,668,601,000</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. The debt service portion of the limit is to be adjusted for increases or decreases in the residential assessment ratio and the method of calculating assessed valuation so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result.

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.

**Developer Advance**

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

**Operations Funding and Reimbursement Agreement**

The District and Oread Canyons, LLC (Oread) entered into a Funding and Reimbursement Agreement (Operations and Maintenance) on May 27, 2016 and as amended on November 21, 2017 (Operations Funding Agreement) whereby Oread agreed to loan moneys to the District for the purpose of covering revenue shortfalls with respect to operation and maintenance expenses of the District.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advance (Continued)**

**Operations Funding and Reimbursement Agreement (Continued)**

Under the Operations Funding Agreement, Oread agrees to loan the District up to \$50,000 per year (the Annual O&M Loan Cap), for four years (being fiscal years 2016, 2017, 2018, and 2019), not to exceed \$200,000 (subject to increase as described below, the Maximum Loan Amount). Interest accrues at a rate of 6.5% 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, 2019 (the O&M Loan Obligation Termination Date). Thereafter, the O&M Loan Obligation Termination Date will automatically extend for additional one-year terms unless the Original Landowner provides written notice to the District of termination at least 30 days prior to December 31 of each year. Upon each automatic one-year extension of the O&M Loan Obligation Termination Date, Oread agrees to loan to the District one or more sums of money up to the Annual O&M Loan Cap, and the Maximum Loan Amount shall be increased by the additional amount of such Annual O&M Loan Cap for each extension year, if any.

Each loan advance made under the Operations Funding Agreement accrues simple interest at the rate of 6.5% per annum from the date of such advance until the date the applicable O&M Reimbursement Obligation is issued (or the date such advance is repaid, if earlier).

As of December 31, 2023, \$231,498 of principal and \$65,918 of interest are outstanding under this Agreement.

**Capital Funding and Reimbursement Agreement**

Oread entered into a Funding and Reimbursement Agreement (Capital) on February 23, 2017 and as amended on November 21, 2017 (the Capital Funding Agreement) whereby Oread agreed to loan moneys to the District for the purpose of funding certain capital costs of the District.

Under the Capital Funding Agreement, Oread agrees to loan the District up to \$50,000 per year (the Annual Capital Loan Cap), for four years (being fiscal years 2017, 2018, 2019, and 2020), up to the aggregate of \$200,000 (subject to increase as described below, the "Maximum Capital Loan Amount"). Interest accrues at a rate of 6.5% 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, 2020 (the Capital Loan Obligation Termination Date). Thereafter, the Capital Loan Obligation Termination Date will automatically extend for additional one-year terms unless Oread provides written notice to the District of termination at least 30 days prior to December 31 of each year. Upon each automatic one-year extension of the Capital Loan Obligation Termination Date, Oread agrees to loan to the District one or more sums of money up to the Annual Capital Loan Cap, and the Maximum Capital Loan Amount shall be increased by the additional amount of such Annual Capital Loan Cap for each extension year, if any.

As of December 31, 2023, \$33,410 of principal and \$2,940 of interest are outstanding under this Agreement.

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Public Improvements Reimbursement Agreement**

Oread entered into a Public Improvement Reimbursement Agreement, dated as of November 2, 2016 and as amended and restated on May 25, 2017 and further amended on September 30, 2020, pursuant to which the District and Oread agreed, among other things, that the District No. 6 Reimbursement Obligation (as defined in the Master Reimbursement Agreement – see Note 7) will be paid by the District to Oread from the issuance of Bonds. The Public Improvements Reimbursement Agreement also contains provisions relating to the expectation that the Master Builder is expected to carry out its obligations to cause the construction of Public Improvements. District No. 7 shall provide a certificate to the District pertaining to the District-Eligible Public Improvements so constructed for reimbursement. Reimbursement obligations accrue at an interest rate of 7.5% simple interest, annually.

As of December 31, 2023, \$5,770,692 of principal and \$700,773 of interest are outstanding under this Agreement.

**NOTE 5 NET POSITION**

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

Restricted 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 legislation. The District had restricted net position as of December 31, 2023 as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Restricted Net Position:      |                            |
| Emergencies                   | \$ 1,600                   |
| Total Restricted Net Position | \$ 1,600                   |

The District had a deficit unrestricted net position as of December 31, 2023. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements to be constructed and conveyed to other entities by District No. 7.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 RELATED PARTIES**

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

The Developer advanced funds to the District pursuant to following agreements (see Note 4 Long-Term Obligations and see Note 7 Agreements for additional information):

Operations Funding and Reimbursement Agreement

- Purpose: To pay general, administrative, operations and maintenance costs of the District
- Parties: District and Oread
- Original Date/Amended Date: May 27, 2016/November 21, 2017
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: \$200,000
- Interest Rate: 6.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$231,498
- Accrued Interest Balance at December 31, 2023: \$65,918

Capital Funding and Reimbursement Agreement

- Purpose: To pay certain capital costs of the District
- Parties: District and Oread
- Original Date/Amended Date: February 23, 2017/November 21, 2017
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: \$200,000
- Interest Rate: 6.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$33,410
- Accrued Interest Balance at December 31, 2023: \$2,940

Public Improvements Reimbursement Agreement

- Purpose: To pay District-Eligible Public Improvements
- Parties: District and Oread
- Original Date/Amended Date: November 2, 2016/May 25, 2017/September 30, 2020
- Years Covered/Amended Years Covered (if applicable): 2016 - 2023
- Maximum Amount: not stated
- Interest Rate: 7.5% per annum from date of deposit
- Principal Balance at December 31, 2023: \$5,770,692
- Accrued Interest Balance at December 31, 2023: \$700,773



**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 DISTRICT AGREEMENTS**

**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. 7 (District No. 7), the Original Landowner, the Master Builder, and Oread. Pursuant to the Agreement, the District and District No. 5 will reimburse Oread and the Original Landowner, 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. District No. 7 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 Consolidated 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. The District will impose 10.000 mills for debt service and District No. 5 will impose 40.000 mills for debt service as adjusted for changes in the residential assessment ratio. The District and District No. 5 will each impose 1.000 mill as adjusted to pay for the respective District's administrative costs. District No. 7 will impose 17.000 mills as adjusted for operations.

The Agreement states that the District is also entitled to 20% of PIF Revenues and Facilities Fees, and is obligated to pay 20% 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.

**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 entity. 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. 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 METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 DISTRICT AGREEMENTS (CONTINUED)**

**Intergovernmental Agreement with the City (Continued)**

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 8 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 (the 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.

**NOTE 9 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 per election 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.

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|                                   | Original and<br>Final Budget | Actual<br>Amounts          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|------------------------------|----------------------------|---|
| <b>REVENUES</b>                   |                              |                            |   |
| Property Taxes                    | \$ 472,730                   | \$ 472,760                 | \$ 30   |
| Specific Ownership Taxes          | 42,546                       | 43,836                     | 1,290   |
| Interest Income                   | 68,000                       | 91,702                     | 23,702  |
| Facilities Fees                   | 226,000                      | 96,000                     | (130,000)   |
| PIF Revenue                       | 242,417                      | 101,588                    | (140,829)   |
| Total Revenues                    | <u>1,051,693</u>             | <u>805,886</u>             | <u>(245,807)</u>  |
| <b>EXPENDITURES</b>               |                              |                            |   |
| Accounting                        | 4,500                        | 1,325                      | 3,175   |
| County Treasurer's Fee            | 7,091                        | 7,095                      | (4)   |
| Paying Agent Fees                 | 9,500                        | 8,500                      | 1,000   |
| Bond Interest - Series 2017A      | 722,750                      | 722,750                    | -   |
| Bond Interest - Series 2017B      | 307,852                      | 23,842                     | 284,010   |
| Total Expenditures                | <u>1,051,693</u>             | <u>763,512</u>             | <u>288,181</u>  |
| <b>NET CHANGE IN FUND BALANCE</b> | -                            | 42,374                     | 42,374  |
| Fund Balance - Beginning of Year  | <u>1,727,731</u>             | <u>1,722,310</u>           | <u>(5,421)</u>  |
| <b>FUND BALANCE - END OF YEAR</b> | <u><u>\$ 1,727,731</u></u>   | <u><u>\$ 1,764,684</u></u> | <u><u>\$ 36,953</u></u>                                 |

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Original and<br>Final Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------------------|-------------------|---|
| <b>EXPENDITURES</b>                                     |                              |                   |   |
| Accounting  | \$ 3,000                     | \$ 2,846          | \$ 154  |
| Legal   | 12,000                       | 162               | 11,838  |
| Recognition of Public Improvement Costs                 | 4,352,118                    | 2,454,555         | 1,897,563   |
| Contingency   | 3,674                        | -                 | 3,674   |
| Total Expenditures                                      | <u>4,370,792</u>             | <u>2,457,563</u>  | <u>1,913,229</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (4,370,792)                  | (2,457,563)       | 1,913,229   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                              |                   |   |
| Acceptance of Reimbursable Costs                        | 4,352,118                    | 2,454,555         | (1,897,563)   |
| Developer Advance                                       | 18,674                       | 14,804            | (3,870)   |
| Total Other Financing Sources (Uses)                    | <u>4,370,792</u>             | <u>2,469,359</u>  | <u>(1,901,433)</u>                                      |
| <b>NET CHANGE IN FUND BALANCE</b>                       | -                            | 11,796            | 11,796  |
| Fund Balance - Beginning of Year                        | <u>-</u>                     | <u>(11,842)</u>   | <u>(11,842)</u>   |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ -</u>                  | <u>\$ (46)</u>    | <u>\$ (46)</u>  |

## **OTHER INFORMATION**

**THE CANYONS METROPOLITAN DISTRICT NO. 6**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY – LONG-TERM DEBT**  
**DECEMBER 31, 2023**

| <u>Bonds and Interest</u><br><u>Maturing in the</u><br><u>Year Ending December 31,</u> | \$11,800,000 General Obligation Refunding Bonds<br>Series 2017A<br>Interest 6.125%<br>Dated May 25, 2017<br>Interest Payable June 1 and December 1<br>Principal Payable December 1 |                      |                      |
|--|--|----------------------|----------------------|
|  | <u>Principal</u>   | <u>Interest</u>      | <u>Total</u>         |
| 2024   | \$ -   | \$ 722,750           | \$ 722,750           |
| 2025   | -  | 722,750              | 722,750              |
| 2026   | 5,000  | 722,750              | 727,750              |
| 2027   | 65,000   | 722,444              | 787,444              |
| 2028   | 135,000  | 718,463              | 853,463              |
| 2029   | 195,000  | 710,194              | 905,194              |
| 2030   | 255,000  | 698,250              | 953,250              |
| 2031   | 280,000  | 682,631              | 962,631              |
| 2032   | 315,000  | 665,481              | 980,481              |
| 2033   | 335,000  | 646,188              | 981,188              |
| 2034   | 375,000  | 625,669              | 1,000,669            |
| 2035   | 400,000  | 602,700              | 1,002,700            |
| 2036   | 445,000  | 578,200              | 1,023,200            |
| 2037   | 470,000  | 550,944              | 1,020,944            |
| 2038   | 520,000  | 522,156              | 1,042,156            |
| 2039   | 555,000  | 490,306              | 1,045,306            |
| 2040   | 605,000  | 456,313              | 1,061,313            |
| 2041   | 645,000  | 419,256              | 1,064,256            |
| 2042   | 705,000  | 379,750              | 1,084,750            |
| 2043   | 750,000  | 336,569              | 1,086,569            |
| 2044   | 815,000  | 290,631              | 1,105,631            |
| 2045   | 865,000  | 240,713              | 1,105,713            |
| 2046   | 940,000  | 187,731              | 1,127,731            |
| 2047   | 2,125,000  | 130,156              | 2,255,156            |
| Total  | <u>\$ 11,800,000</u>   | <u>\$ 12,822,995</u> | <u>\$ 24,622,995</u> |



**THE CANYONS METROPOLITAN DISTRICT NO. 6  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED  
AND ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY OF THE DISTRICT  
YEAR ENDED DECEMBER 31, 2023**

**Summary of Assessed Valuation, Mill Levy and Property Taxes Collected**

| Year Ending<br>December 31,                       | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property<br>Tax Levy | Mills<br>Levied | Property Taxes |           | Percent<br>Collected<br>to Levied |
|---|---|-----------------|----------------|-----------|-----------------------------------|
|   |   |                 | Levied         | Collected |                                   |
| 2019  | \$ 13,320   | 12.055          | \$ 160         | \$ 160    | 100.00 %                          |
| 2020  | 8,754,860   | 12.244          | 107,194        | 107,194   | 100.00                            |
| 2021  | 18,434,080  | 12.244          | 225,707        | 225,707   | 100.00                            |
| 2022  | 30,777,160  | 12.244          | 376,836        | 376,293   | 99.86                             |
| 2023  | 43,302,190  | 12.008          | 519,973        | 519,974   | 100.00                            |
| Estimated for<br>Year Ending<br>December 31, 2024 | \$ 72,498,850   | 13.294          | \$ 963,800     |           |                                   |

**NOTE:**

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

**2023 Assessed and "Actual" Valuation of Classes of Property of the District**

| Class             | Assessed<br>Valuation | Percent of<br>Assessed<br>Valuation | "Actual"<br>Valuation | Percent of<br>"Actual"<br>Valuation |
|-------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| Residential       | \$ 54,496,130         | 75.17 %                             | \$ 813,370,441        | 92.65 %                             |
| Personal Property | 1,056,980             | 1.46                                | 3,788,480             | 0.43                                |
| Agricultural      | 5,800                 | 0.01                                | 22,014                | 0.00                                |
| Natural Resources | 2,170                 | 0.00                                | 7,765                 | 0.00                                |
| State Assessed    | 3,700                 | 0.01                                | 13,262                | 0.00                                |
| Vacant Land       | 16,934,070            | 23.36                               | 60,696,095            | 6.91                                |
| Total             | <u>\$ 72,498,850</u>  | <u>100.00 %</u>                     | <u>\$ 877,898,057</u> | <u>100.00 %</u>                     |

**THE CANYONS METROPOLITAN DISTRICT NO. 6  
SCHEDULE OF LARGEST TAXPAYERS WITHIN THE DISTRICT  
YEAR ENDED DECEMBER 31, 2023**

|   | 2023 Assessed<br>Valuation | Percent of<br>Total Assessed<br>Valuation |
|---|----------------------------|---|
| Shea Canyons LLC                            | \$ 13,223,010              | 18.24 %                                   |
| Tri Pointe Homes                            | 865,990                    | 1.19                                      |
| Infinity Home Collection at The Canyons LLC | 449,830                    | 0.62                                      |
| Shea Homes                                  | 318,370                    | 0.44                                      |
| Individuals                                 | 740,020                    | 1.02                                      |
| Total                                       | \$ 15,597,220              | 21.51%                                    |