

THE CANYONS METROPOLITAN DISTRICT NO. 7

2023 ANNUAL REPORT

Pursuant to § 32-1-207(3)(c), C.R.S., and the Service Plan for The Canyons Metropolitan District No. 7 (the “**District**”), the District is required to provide an annual report to the with regard to the following matters:

For the year ending December 31, 2023, the District make the following report:

§32-1-207(3) Statutory Requirements

1. **Boundary changes made.**

There were no changes or proposed changes to the boundaries of the District during the reporting period.

2. **Intergovernmental Agreements entered into or terminated.**

The District did not enter into any intergovernmental agreements during the reporting year.

3. **Access information to obtain a copy of rules and regulations adopted by the board.**

Rules and Regulations may be accessed at the following link:
<https://www.canyons7metro.org>.

4. **A summary of litigation involving public improvements owned by the District.**

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2023.

5. **Status of the construction of public improvements by the District.**

Pursuant to the Master Reimbursement Agreement, the District is not undertaking construction of public improvements. In prior years the District entered into construction contracts with funding from Shea Canyons, LLC. Starting in 2023, Shea Canyons, LLC (the “Developer”) took over construction responsibilities and will continue to construct the remainder of the public improvements.

6. **A list of facilities or improvements constructed by the District there were conveyed or dedicated to the county or municipality.**

The following public improvements were conveyed or dedicated to the City of Castle Pines:

Final Acceptance:

The Canyons Superblock - Roadways
The Canyons Filing 1 East – Roadways
Filing 1 – 1st Amendment
Filing 1 West

Initial Acceptance:

Superblock Phase 3
Filing 1 – 2nd Amendment, Phase 1
Filing 1 – 2nd Amendment, Phase 5
Filing 2 – 1st Amendment

The following public improvements were conveyed or dedicated to the Parker Water and Sanitation District:

Final Acceptance:

Filing 2A – Water and Sewer
Filing 2B – Water and Sewer
Filing 2C – Water and Sewer
Filing 2D – Water and Sewer

Initial Acceptance:

Filing 2 – 1st Amendment, Phase 1 -Water and Sewer
Filing 2 – 1st Amendment, Phase 2 – Water and Sewer

7. **The final assessed valuation of the District as of December 31st of the reporting year.**

The 2023 gross total assessed valuation of the property comprising the District is \$72,498,850.

8. **A copy of the current year’s budget.**

A copy of the 2024 Budget is attached hereto as **Exhibit A**.

9. **A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2023 Audit will be provided as a supplement report once it has been completed.

10. **Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

The District is not aware of any uncured events of default by the District.

11. **Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

The District is not aware of any inability to pay its obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

Service Plan Requirements

To the best of our knowledge, for the year ending December 31, 2023, the District makes the following report:

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

There were no boundary changes made to the District in 2023.

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

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

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

The District did not impose any rules and regulations as of December 31, 2023.

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

To our actual knowledge, based on review of the court records in Douglas County, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's Public Improvements as of December 31, 2023.

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

Pursuant to the Master Reimbursement Agreement, the District is not undertaking construction of public improvements. In prior years the District entered into construction contracts with funding from Shea Canyons, LLC. Starting in 2023, Shea Canyons, LLC (the “Developer”) took over construction responsibilities and will continue to construct the remainder of the public improvements.

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

The following public improvements were conveyed or dedicated to the City of Castle Pines:

Final Acceptance:

The Canyons Superblock - Roadways
The Canyons Filing 1 East – Roadways

The following public improvements were conveyed or dedicated to the Parker Water and Sanitation District:

Final Acceptance:

Filing 2A – Water and Sewer
Filing 2B – Water and Sewer
Filing 2C – Water and Sewer

Initial Acceptance:

Filing 2-1st Amendment Phase 1 -Water and Sewer

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

The 2023 gross total assessed valuation of the property comprising the District is \$72,498,850.

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

The 2024 budget for the District is attached hereto as **Exhibit A**.

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

The 2023 Audit is in process and will be provided as a supplement upon completion.

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

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

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

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

EXHIBIT A
2024 Budget

THE CANYONS METROPOLITAN DISTRICT NO. 7
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**CANYONS METROPOLITAN DISTRICT NO. 7
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (487,421)	\$ (302,316)	\$ 1,169,313
REVENUES			
Property taxes	581,620	803,689	439,633
Specific ownership taxes	51,507	72,332	39,567
Developer Contribution	18,738,707	1,010,431	60,000
Penalties and fees	5,134	5,000	5,500
Operations and maintenance fee	224,752	317,640	358,200
Interest income	10,543	55,715	57,650
Developer advance	2,787	-	-
Reimbursed expenditures	-	289,337	-
Total revenues	<u>19,615,050</u>	<u>2,554,144</u>	<u>960,550</u>
TRANSFERS IN	<u>34,681</u>	<u>219,645</u>	<u>-</u>
Total funds available	<u>19,162,310</u>	<u>2,471,473</u>	<u>2,129,863</u>
EXPENDITURES			
General Fund	153,728	188,115	313,000
Capital Projects Fund	19,008,863	402,000	60,000
Special Revenue Fund	267,354	492,400	229,000
Total expenditures	<u>19,429,945</u>	<u>1,082,515</u>	<u>602,000</u>
TRANSFERS OUT	<u>34,681</u>	<u>219,645</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>19,464,626</u>	<u>1,302,160</u>	<u>602,000</u>
ENDING FUND BALANCES	<u>\$ (302,316)</u>	<u>\$ 1,169,313</u>	<u>\$ 1,527,862</u>
EMERGENCY RESERVE	<u>\$ 19,400</u>	<u>\$ 28,000</u>	<u>\$ 16,100</u>
TOTAL RESERVE	<u>\$ 19,400</u>	<u>\$ 28,000</u>	<u>\$ 16,100</u>

**CANYONS METROPOLITAN DISTRICT NO. 7
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Residential - Single Family	\$ 10,892,130	\$ 27,342,740	\$ 54,496,130
Agricultural	7,450	5,700	5,800
State assessed	700	3,800	3,700
Vacant land	19,102,940	15,271,150	16,934,070
Natural Resources	2,250	2,250	2,170
Personal property	771,690	676,550	1,056,980
Certified Assessed Value	\$ 30,777,160	\$ 43,302,190	\$ 72,498,850

MILL LEVY

General	18.925	18.560	6.064
Total mill levy	18.925	18.560	6.064

PROPERTY TAXES

General	\$ 582,458	\$ 803,689	\$ 439,633
Levied property taxes	582,458	803,689	439,633
Adjustments to actual/rounding	(838)	-	-
Budgeted property taxes	\$ 581,620	\$ 803,689	\$ 439,633

BUDGETED PROPERTY TAXES

General	\$ 581,620	\$ 803,689	\$ 439,633
	\$ 581,620	\$ 803,689	\$ 439,633

**CANYONS METROPOLITAN DISTRICT NO. 7
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 140,341	\$ 595,602	\$ 1,118,863
REVENUES			
Property taxes	581,620	803,689	439,633
Specific ownership taxes	51,507	72,332	39,567
Interest income	10,543	55,000	55,000
Total revenues	<u>643,670</u>	<u>931,021</u>	<u>534,200</u>
Total funds available	<u>784,011</u>	<u>1,526,623</u>	<u>1,653,063</u>
EXPENDITURES			
General and administrative			
Accounting	46,895	55,200	60,750
Auditing	5,000	5,200	5,700
County Treasurer's fee	8,740	12,055	6,594
Directors' fees	-	-	-
Dues and membership	403	445	750
Insurance	6,926	6,777	7,550
District management	49,981	63,775	176,760
Legal	26,254	31,000	35,000
Miscellaneous	6,411	8,500	9,000
Election	2,518	4,563	-
Reserve Study	-	-	5,000
Contingency	-	-	5,296
Website	600	600	600
Total expenditures	<u>153,728</u>	<u>188,115</u>	<u>313,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>34,681</u>	<u>219,645</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>188,409</u>	<u>407,760</u>	<u>313,000</u>
ENDING FUND BALANCES	<u>\$ 595,602</u>	<u>\$ 1,118,863</u>	<u>\$ 1,340,062</u>
EMERGENCY RESERVE	<u>\$ 19,400</u>	<u>\$ 28,000</u>	<u>\$ 16,100</u>
TOTAL RESERVE	<u>\$ 19,400</u>	<u>\$ 28,000</u>	<u>\$ 16,100</u>

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 7
SPECIAL REVENUE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Operations and maintenance fee	224,752	317,640	358,200
Penalties and fees	5,134	5,000	5,500
Developer advance	2,787	-	-
Interest income	-	115	150
Total revenues	<u>232,673</u>	<u>322,755</u>	<u>363,850</u>
TRANSFERS IN			
Transfers from other funds	<u>34,681</u>	<u>169,645</u>	<u>-</u>
Total funds available	<u>267,354</u>	<u>492,400</u>	<u>363,850</u>
EXPENDITURES			
Operations and maintenance			
Repairs and maintenance	224	5,000	12,500
Landscaping	92,253	205,000	57,500
Bridge Cover	2,050	1,200	250
Trails	2,268	-	6,250
Site Utilities	-	1,200	375
Water	112,723	150,000	26,250
Snow removal	57,836	90,000	60,000
Irrigation and Landscaping Maintenance	-	25,000	12,500
Bridge Maintenance	-	-	6,250
Holiday Lighting	-	15,000	15,000
Fence Maintenance	-	-	20,000
Parks - Playground Equipment	-	-	1,250
Contingency	-	-	10,875
Total expenditures	<u>267,354</u>	<u>492,400</u>	<u>229,000</u>
Total expenditures and transfers out requiring appropriation	<u>267,354</u>	<u>492,400</u>	<u>229,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,850</u>

**CANYONS METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (627,762)	\$ (897,918)	\$ -
REVENUES			
Interest income	-	150	-
Developer Contribution	18,738,707	1,010,431	60,000
Reimbursed expenditures	-	289,337	-
Total revenues	<u>18,738,707</u>	<u>1,299,918</u>	<u>60,000</u>
Total funds available	<u>18,110,945</u>	<u>402,000</u>	<u>60,000</u>
EXPENDITURES			
General and Administrative			
Accounting	21,738	25,000	5,000
Legal	31,147	12,000	5,000
Capital Projects			
Superblock Infrastructure	3,811,223	270,000	-
Filing 1 2nd Amendment	571,147	-	-
Filing 1 3rd Amendment	21,996	-	-
Filing 1 1st Amendment	15,630	-	-
Filing 1 6th Amendment	400,294	-	-
Filing 2	59,742	-	-
Superblock Phase 2 Infrastructure	5,026,153	95,000	50,000
Filing 2 1st Amendment LDA	8,381,241	-	-
Engineering	668,552	-	-
Total expenditures	<u>19,008,863</u>	<u>402,000</u>	<u>60,000</u>
Total expenditures and transfers out requiring appropriation	<u>19,008,863</u>	<u>402,000</u>	<u>60,000</u>
ENDING FUND BALANCES	<u>\$ (897,918)</u>	<u>\$ -</u>	<u>\$ -</u>

**CANYONS METROPOLITAN DISTRICT NO. 7
 CAPITAL REPAIR & REPLACEMENT FUND
 2024 BUDGET
 WITH 2022 ACTUAL AND 2023 ESTIMATED
 For the Years Ended and Ending December 31,**

1/21/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 50,450
REVENUES			
Interest income	-	450	2,500
Total revenues	<u>-</u>	<u>450</u>	<u>2,500</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>50,000</u>	<u>-</u>
Total funds available	<u>-</u>	<u>50,450</u>	<u>52,950</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 50,450</u>	<u>\$ 52,950</u>

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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

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

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

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

Pursuant to the Consolidated Service Plan, as amended, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills of which the District imposes 19.420 mills for operations. This limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result.

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

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

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on the property tax page of the Budget and is pursuant to the Master Reimbursement Agreement. Collectively, Districts Nos. 5, 6, and 7 are permitted to levy 69.000 mills, subject to being adjusted for changes in the assessment ration which brings the total mill levy for all three districts to 68.911 mills.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%	Lodging	\$30,000
			Oil & Gas Production	87.50%		

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing with the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District’s share will be equal to approximately 9% of the property taxes collected.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Developer Contributions

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

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%.

Operations and Maintenance Fees

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

Expenditures

County Treasurer's Fees

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

Administrative and Operating Expenditures

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

Capital Outlay

The District will own, operate and maintain all District eligible public improvements within its boundaries that are not dedicated to any other public entity. District Nos. 5 and 6 will finance the cost of such improvements. Beginning in 2023, Shea Homes took over constructing public infrastructure within the District.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

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

Below is the schedule of long-term obligations of the District:

	Balance at December 31, 2022	Additions	Repayments	Balance at December 31, 2023*	Additions*	Repayments*	Balance at December 31, 2024*
Developer Advances - O&M	\$ 190,220	\$ -	\$ -	\$ 190,220	\$ -	\$ -	\$ 190,220
	190,220	-	-	190,220	-	-	190,220
Accrued Interest - Developer Advances - O&M	65,181	17,820	-	83,001	17,869	-	100,870
	65,181	17,820	-	83,001	17,869	-	100,870
	\$ 255,401	\$ 17,820	\$ -	\$ 273,221	\$ 17,869	\$ -	\$ 291,090
* Estimate							

Reserves

Emergency Reserves

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

This information is an integral part of the accompanying budget.