

THE CANYONS METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

THE CANYONS METROPOLITAN DISTRICT NO. 3
SUMMARY
2022 BUDGET
For the Years Ended and Ending December 31,

1/10/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ (29,981)	\$ 28,212,151
REVENUES			
Property taxes	-	17	66
Specific ownership taxes	-	1	5
Interest income	2	10	15,960
Developer advance	-	1,157,055	46,789
Bond issuance	183,000	31,270,000	-
Facilities fees	-	464,000	282,000
Transfers from District #1 - PIF	-	243,100	161,250
Promissory Note from Developer	-	195,741	-
Total revenues	<u>183,002</u>	<u>33,329,924</u>	<u>506,070</u>
TRANSFERS IN	<u>-</u>	<u>214,259</u>	<u>-</u>
Total funds available	<u>183,002</u>	<u>33,514,202</u>	<u>28,718,221</u>
EXPENDITURES			
General Fund	19,608	37,443	46,800
Debt Service Fund	-	410,000	1,150,534
Capital Projects Fund	193,375	4,640,349	7,522,000
Total expenditures	<u>212,983</u>	<u>5,087,792</u>	<u>8,719,334</u>
TRANSFERS OUT	<u>-</u>	<u>214,259</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>212,983</u>	<u>5,302,051</u>	<u>8,719,334</u>
ENDING FUND BALANCES	<u>\$ (29,981)</u>	<u>\$ 28,212,151</u>	<u>\$ 19,998,887</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

No assurance provided. See summary of significant assumptions.

THE CANYONS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
For the Years Ended and Ending December 31,

1/10/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Agricultural	\$ -	\$ 310	\$ 1,230
Certified Assessed Value	<u>\$ -</u>	<u>\$ 310</u>	<u>\$ 1,230</u>
MILL LEVY			
General	0.000	9.000	9.000
Debt Service	0.000	45.000	45.000
Total Mill Levy	<u>0.000</u>	<u>54.000</u>	<u>54.000</u>
PROPERTY TAXES			
General	\$ -	\$ 3	\$ 11
Debt Service	-	14	55
Levied property taxes	<u>-</u>	<u>17</u>	<u>66</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 66</u>
ASSESSED VALUATION - DEBT ONLY			
Agricultural	\$ -	\$ -	\$ 40
Certified Assessed Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>
MILL LEVY - DEBT ONLY			
Debt Service	0.000	0.000	0.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
PROPERTY TAXES - DEBT ONLY			
Debt Service	\$ -	\$ -	\$ -
Levied property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ 3	\$ 11
Debt Service	-	14	55
	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 66</u>

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2022 BUDGET
For the Years Ended and Ending December 31,**

1/10/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ (19,608)	\$ -
REVENUES			
Property taxes	-	3	11
Specific ownership taxes	-	-	1
Developer advance	-	57,048	46,789
Total revenues	<u>-</u>	<u>57,051</u>	<u>46,801</u>
Total funds available	<u>-</u>	<u>37,443</u>	<u>46,801</u>
EXPENDITURES			
General and administrative			
Accounting	4,406	15,000	16,500
Auditing	-	-	4,800
Dues	-	300	350
Election	-	-	2,000
Insurance and bonds	-	3,143	3,500
Legal	15,202	15,000	16,500
Miscellaneous	-	4,000	2,000
Contingency	-	-	1,150
Total expenditures	<u>19,608</u>	<u>37,443</u>	<u>46,800</u>
Total expenditures and transfers out	<u>19,608</u>	<u>37,443</u>	<u>46,800</u>
ENDING FUND BALANCE	<u>\$ (19,608)</u>	<u>\$ -</u>	<u>\$ 1</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

No assurance provided. See summary of significant assumptions.

THE CANYONS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2022 BUDGET
For the Years Ended and Ending December 31,

1/10/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 707,115
REVENUES			
Property taxes	-	14	55
Specific ownership taxes	-	1	4
Interest income	-	-	110
Facilities fees	-	464,000	282,000
Transfers from District #1 - PIF	-	243,100	161,250
Promissory Note from Developer	-	195,741	-
Total revenues	-	902,856	443,419
TRANSFERS IN			
Transfers from other fund	-	214,259	-
Total funds available	-	1,117,115	1,150,534
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	-	1
Debt Service			
Bond interest - Series 2020	-	12,741	-
Bond principal - Series 2020	-	183,000	-
Bond interest - Series 2021	-	-	1,150,533
Repayment of Promissory Note	-	195,741	-
Contingency	-	18,518	-
Total expenditures	-	410,000	1,150,534
Total expenditures and transfers out requiring appropriation	-	410,000	1,150,534
ENDING FUND BALANCE	\$ -	\$ 707,115	\$ -

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2022 BUDGET
For the Years Ended and Ending December 31,**

1/10/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ (10,373)	\$ 27,505,036
REVENUES			
Interest income	2	10	15,850
Developer advance	-	1,100,007	-
Bond issuance	183,000	31,270,000	-
Total revenues	<u>183,002</u>	<u>32,370,017</u>	<u>15,850</u>
Total funds available	<u>183,002</u>	<u>32,359,644</u>	<u>27,520,886</u>
EXPENDITURES			
General and Administrative			
Accounting	1,368	3,000	8,500
Legal	9,342	10,000	11,000
Capital Projects			
Engineering	-	2,000	2,500
Bond issuance costs	-	1,040,400	-
Repay developer advance	182,665	1,084,949	-
Capital outlay	-	2,500,000	7,500,000
Total expenditures	<u>193,375</u>	<u>4,640,349</u>	<u>7,522,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>214,259</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>193,375</u>	<u>4,854,608</u>	<u>7,522,000</u>
ENDING FUND BALANCE	<u>\$ (10,373)</u>	<u>\$ 27,505,036</u>	<u>\$ 19,998,886</u>

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2022 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 District Nos. 1, 2, 4 and 8 - 11.

The District was formed by District Court Order on December 19, 2001, and held its organizational meeting on March 14, 2002. The relationship between the Service District and Financing Districts, including the means for approving, financing, constructing and operating the public services and improvements needed to serve the development, will be established by means of a Master Intergovernmental Agreement between the applicable Districts as the project evolves.

On November 6, 2001, District voters approved authorization to increase property taxes up to \$5,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District. Debt authorization was approved in the amount of \$151,000,000 for the above listed facilities and an equal amount for refunding debt. The voters also authorized debt of \$5,000,000 for the costs of operating and maintaining the District's systems and \$10,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. 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 \$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 \$2,260,000,000 for the above listed facilities and \$226,000,000 for refunding debt. The voters authorized debt of \$226,000,000 for the costs of operating and maintaining the District's systems and \$50,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. The voters also authorized \$226,000,000 in debt for both Intergovernmental Agreements and Private Agreements. 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 Amended and Restated Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills. 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 adjustment only applies to the debt service portion of the mill levy.

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. 3
2022 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.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within 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 6% of the property taxes collected. The budget assumes that specific ownership taxes are allocated to the General Fund.

Developer Advances

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

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

Facilities Fees

The District imposes a Facilities Fee in the amount of \$2,000 on each apartment unit, condo unit, and residential unit within the boundaries of the District and is reasonably related to the overall cost of providing the Facilities. The Facilities Fees are due and payable upon the issuance of a building permit for a residential unit.

Intergovernmental Revenue

The intergovernmental revenue represents transfers from District No. 1 of Pledged Net PIF Revenue as described in the details of the 2021 Bonds.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

General and Administrative Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance and other administrative expenses.

County Treasurer's Collection Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The details of the District's general obligation bonds outstanding during 2022 are as follows:

Limited Tax General Obligation and Special Revenue Bonds, Series 2021 (the Bonds)

Details of the Bonds

On December 16, 2021, the District issued Limited Tax General Obligation and Special Revenue Bonds Series 2021. The proceeds of the Bonds will be used for purposes of (i) refunding the 2021 Note; (ii) paying a portion of the costs of capital infrastructure improvements or reimbursing the Developer for the advancement of those costs, to the extent of available proceeds; and (iii) paying costs of issuance of the Bonds. The 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 Bonds is payable annually on each December 1 from, and to the extent of Pledged Revenue on deposit, if any, in the Mandatory Redemption Account of the Bond Fund. The Bonds mature December 1, 2051, with an interest rate of 5.50% per annum payable annually on each December 1, but only from and to the extent of available Pledged Revenue.

To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until the earlier of its payment or the termination date of December 1, 2061, and shall continue to bear interest at the rate then borne by the Bonds. To the extent interest on any Bonds is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bonds.

Optional Redemption

The 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:

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

<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 Bonds are secured by and payable solely from and to the extent of Pledged Revenue, which means:

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues (see Note 7)
- (c) all Excluded Property PILOT Revenues;
- (d) all Pledged Net PIF Revenues;
- (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 under the Indenture; and
- (g) any other legally available moneys which the District determines, in its absolute discretion, to credit the Bond Fund.

This forecast does not contemplate any District No. 3 Discretionary PIF Revenues and as a result no additional information is included herein with respect to such revenues.

Property Tax Revenues

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Property Tax Revenues do not include specific ownership tax revenues.)

Required Mill Levy

Pursuant to the Indenture, the District has covenanted to levy, on all taxable property of the District, the “Required Mill Levy,” generally meaning, an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 45 mills, as adjusted, or such lesser mill levy that will generate Property Tax Revenues, which, when combined with moneys then on deposit in the Bond Fund, will pay the Bonds in full in the year such levy is collected.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

In the event the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is or was changed after January 1, 2020, the mill levy cap of 45 mills will be increased or decreased to reflect such changes so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

Excluded Property PILOT Revenue

Certain real property has been excluded from the District's boundaries. Pursuant to the Declaration of Covenants Concerning Payments in Lieu of Taxes to be recorded prior to the issuance of the Bonds, the owner of such excluded real property will make an annual \$100,000 Payment in Lieu of Taxes ("PILOT") to the District. The forecast assumes the annual PILOT payment to the District will increase 1% annually beginning in 2026.

Pledged Net PIF Revenue

As defined in the Indenture and the Pledge Agreement, "Pledged Net PIF Revenue" means the Gross PIF Revenues, net of any PIF Collection Costs (which shall be deducted monthly by District No. 1 from Gross PIF Revenues in accordance with the provisions of the Indenture).

"Gross PIF Revenue" means, collectively, the portions of revenue derived from the imposition of the following in accordance with the Declaration of Covenants Imposing and Implementing, The Canyonside at Castle Pines Public Improvement Fee recorded in the real property records of the County on April 22, 2021, as amended by the First Amendment thereto dated as of June 30, 2021 and recorded in the real property records of the County on July 1, 2021 (the "PIF Covenant"): (i) the Credit PIF, but solely to the extent derived from the following (and subject to the limitations of the Development Agreement): (a) Credit PIF Construction Activities occurring within, or otherwise relating to, property within the District and Excluded Property and collected prior to the Credit PIF Termination Date (as defined in the PIF Covenant), and (b) Credit PIF Retail Sales initiated, consummated conducted, transacted or otherwise occurring from or within the Excluded Property and collected prior to the Credit PIF Termination Date, and (ii) the Add-On PIF, but solely to the extent derived from Add-On PIF Retail Sales initiated, consummated, conducted, transacted or otherwise occurring from or within the Excluded Property and collected prior to the Add-On PIF Termination Date (as defined in the PIF Covenant).

The PIF Covenant imposes a Credit PIF on Credit PIF Construction Activities and a Credit PIF on Credit PIF Retail Sales of 1.375% in lieu of a portion of the City's Sales Tax. The Credit PIF on Credit PIF Construction Activities expires in 2034 and Credit PIF on Credit PIF Retail Sales expires in 2044. The District's Credit PIF on Credit PIF Construction Activities expires on residential units after 500 units are constructed in the District and the Excluded Property and has no expiration on the commercial development in the District and the Excluded Property. Additionally, the PIF Covenant imposes a 3% Add-on PIF imposed on Add-On PIF Retail Sales transactions in the Excluded Property. 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. As of the date of this forecast \$177,359 of Credit PIF on Credit PIF Construction Activities has been received, applied to the Bond Fund and subtracted from the projected Credit PIF on Credit PIF Construction Activities receivables in 2022.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The following is an analysis of the District’s long-term obligations through the year ended December 31, 2022:

	Balance at December 31, 2020	Additions	Repayments	Balance at December 31, 2021*	Additions*	Repayments*	Balance at December 31, 2022*
Developer Advances	\$ -	\$ 57,048	\$ -	\$ 57,048	\$ 46,789	\$ -	\$ 103,837
	-	57,048	-	57,048	46,789	-	103,837
Accrued interest - Developer Advances	-	2,929	-	2,929	7,632	-	10,561
	-	2,929	-	2,929	7,632	-	10,561
	\$ -	\$ 59,977	\$ -	\$ 59,977	\$ 54,421	\$ -	\$ 114,398
* 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.