

**THE CANYONS METROPOLITAN DISTRICT NO. 3**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2024**

**CANYONS METROPOLITAN DISTRICT NO. 3  
SUMMARY  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 29,403,377	\$ 24,365,224	\$ 21,992,165
REVENUES			
Property taxes	66	36,575	267,560
Specific ownership taxes	6	3,292	24,080
Interest income	378,664	1,051,450	845,800
Cost reimbursement from Shea	-	1,589,400	10,000
Developer advance	73,112	66,475	28,297
Facilities fees	322,000	-	695,000
Transfers from District #1 - PIF	200,120	-	755,500
Total revenues	<u>973,968</u>	<u>2,747,192</u>	<u>2,626,237</u>
TRANSFERS IN	<u>12,992</u>	<u>-</u>	<u>-</u>
Total funds available	<u>30,390,337</u>	<u>27,112,416</u>	<u>24,618,402</u>
EXPENDITURES			
General Fund	64,504	65,222	76,000
Debt Service Fund	1,054,339	34,604	1,689,643
Capital Projects Fund	4,893,278	5,020,425	11,114,500
Total expenditures	<u>6,012,121</u>	<u>5,120,251</u>	<u>12,880,142</u>
TRANSFERS OUT	<u>12,992</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>6,025,113</u>	<u>5,120,251</u>	<u>12,880,142</u>
ENDING FUND BALANCES	<u>\$ 24,365,224</u>	<u>\$ 21,992,165</u>	<u>\$ 11,738,260</u>
EMERGENCY RESERVE	\$ 100	\$ 300	\$ 1,500
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 300</u>	<u>\$ 1,500</u>

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3  
PROPERTY TAX SUMMARY INFORMATION  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
<b>ASSESSED VALUATION</b>			
Residential - multi-family	\$ -	\$ 335,360	\$ 2,164,000
Agricultural	1,230	1,290	1,230
Vacant land	-	323,110	2,297,550
Personal property	-	-	238,710
Natural resources	-	150	140
Certified Assessed Value	<u>\$ 1,230</u>	<u>\$ 659,910</u>	<u>\$ 4,701,630</u>
<b>MILL LEVY</b>			
General	9.000	9.237	9.484
Debt Service	45.000	46.185	47.424
Total mill levy	<u>54.000</u>	<u>55.422</u>	<u>56.908</u>
<b>PROPERTY TAXES</b>			
General	\$ 11	\$ 6,096	\$ 44,590
Debt Service	55	30,479	222,970
Levied property taxes	<u>66</u>	<u>36,575</u>	<u>267,560</u>
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 66</u>	<u>\$ 36,575</u>	<u>\$ 267,560</u>
<b>ASSESSED VALUATION - DEBT ONLY</b>			
Agricultural	\$ 40	\$ 20	\$ -
Certified Assessed Value	<u>\$ 40</u>	<u>\$ 20</u>	<u>\$ -</u>
<b>MILL LEVY - DEBT ONLY</b>			
Debt Service	0.000	46.185	47.424
Total mill levy	<u>0.000</u>	<u>46.185</u>	<u>47.424</u>
<b>PROPERTY TAXES - DEBT ONLY</b>			
Debt Service	\$ -	\$ 1	\$ -
Levied property taxes	<u>-</u>	<u>1</u>	<u>-</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 11	\$ 6,096	\$ 44,590
Debt Service	55	30,479	222,970
Budgeted property taxes	<u>\$ 66</u>	<u>\$ 36,575</u>	<u>\$ 267,560</u>

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (5,216)	\$ (6,174)	\$ 300
<b>REVENUES</b>			
Property taxes	11	6,096	44,590
Specific ownership taxes	1	549	4,013
Interest income	-	250	300
Developer advance	63,534	64,801	28,297
Total revenues	63,546	71,696	77,200
Total funds available	58,330	65,522	77,500
<b>EXPENDITURES</b>			
General and administrative			
Accounting	29,274	35,000	38,500
Auditing	4,800	5,200	5,700
County Treasurer's fee	-	93	669
Dues and membership	320	322	450
Insurance	2,530	3,821	4,200
Legal	24,749	19,500	22,000
Miscellaneous	1,810	600	600
Election	1,021	686	-
Contingency	-	-	3,881
Total expenditures	64,504	65,222	76,000
Total expenditures and transfers out requiring appropriation	64,504	65,222	76,000
ENDING FUND BALANCES	\$ (6,174)	\$ 300	\$ 1,500
EMERGENCY RESERVE	\$ 100	\$ 300	\$ 1,500
TOTAL RESERVE	\$ 100	\$ 300	\$ 1,500

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 506,107	\$ 182	\$ -
<b>REVENUES</b>			
Property taxes	55	30,479	222,970
Specific ownership taxes	5	2,743	20,067
Interest income	13,242	1,200	2,500
Facilities fees	322,000	-	695,000
Transfers from District #1 - PIF	200,120	-	755,500
Total revenues	535,422	34,422	1,696,037
<b>TRANSFERS IN</b>			
Transfers from other funds	12,992	-	-
Total funds available	1,054,521	34,604	1,696,037
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	1	466	3,345
Paying agent fees	-	4,000	4,000
Debt Service			
Bond interest - Series 2021	1,054,338	30,138	1,682,298
Total expenditures	1,054,339	34,604	1,689,643
Total expenditures and transfers out requiring appropriation	1,054,339	34,604	1,689,643
ENDING FUND BALANCES	\$ 182	\$ -	\$ -

**CANYONS METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 28,902,486	\$ 24,371,216	\$ 21,991,865
REVENUES			
Interest income	365,422	1,050,000	843,000
Developer advance	9,578	1,674	-
Cost reimbursement from Shea	-	1,589,400	10,000
Total revenues	<u>375,000</u>	<u>2,641,074</u>	<u>853,000</u>
Total funds available	<u>29,277,486</u>	<u>27,012,290</u>	<u>22,844,865</u>
EXPENDITURES			
General and Administrative			
Accounting	12,839	13,000	14,500
Legal	56,835	15,000	50,000
Contingency	-	-	250,000
Capital Projects			
Engineering	294,994	290,000	250,000
Capital outlay	4,524,035	4,700,000	10,550,000
Escrow Fee	4,575	2,425	-
Total expenditures	<u>4,893,278</u>	<u>5,020,425</u>	<u>11,114,500</u>
TRANSFERS OUT			
Transfers to other fund	<u>12,992</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>4,906,270</u>	<u>5,020,425</u>	<u>11,114,500</u>
ENDING FUND BALANCES	<u>\$ 24,371,216</u>	<u>\$ 21,991,865</u>	<u>\$ 11,730,365</u>

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
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 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. Pursuant to Colorado State Law, electoral authorization older than 20 years is considered stale with respect to unissued debt.

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 59.000 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 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  
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 District is required to impose a maximum Required Mill Levy of 55.664 mills for collection in 2024. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount to pay the principal, premium if any, and interest on the Bonds as the same become due and payable.

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

<b>Category</b>	<b>Rate</b>		<b>Category</b>	<b>Rate</b>		<b>Actual Value Reduction</b>	<b>Amount</b>
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 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 9% of the property taxes collected.

**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.



**THE CANYONS METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Interest Income**

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

**Facilities Fees**

The District imposes a Facilities Fee in the amount of \$2,000 on each apartment unit and condo unit, and \$4,000 on each 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.

**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 2023 are as follows:

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (Continued)**

**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:

<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

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (Continued)**

**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.

**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.

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.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (Continued)**

**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”).

The PIF Covenant includes: (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.

**THE CANYONS METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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.**

**The Canyons Metropolitan District No. 3  
Schedule of Long-Term Obligations**

	Balance at December 31, 2022	Additions	Repayments	Balance at December 31, 2023*	Additions*	Repayments*	Balance at December 31, 2024*
Limited Tax G.O. and Special Revenue Bonds, Series 2021	\$ 31,270,000	\$ -	\$ -	\$ 31,270,000	\$ -	\$ -	\$ 31,270,000
Total Bonds Payable	<u>31,270,000</u>	<u>-</u>	<u>-</u>	<u>31,270,000</u>	<u>-</u>	<u>-</u>	<u>31,270,000</u>
Developer Advance - Operations	121,661	64,801	-	186,462	28,297	-	214,759
Developer Advance - Capital	29,144	1,674	-	30,818	-	-	30,818
Accrued interest - Developer Advances - Operating	8,259	10,108	-	18,367	13,080	-	31,447
Accrued interest - Developer Advances - Capital	2,636	1,835	-	4,471	1,849	-	6,320
Total Developer Advance Payable	<u>161,700</u>	<u>78,418</u>	<u>-</u>	<u>240,118</u>	<u>43,226</u>	<u>-</u>	<u>283,344</u>
	<u>\$ 31,431,700</u>	<u>\$ 78,418</u>	<u>\$ -</u>	<u>\$ 31,510,118</u>	<u>\$ 43,226</u>	<u>\$ -</u>	<u>\$ 31,553,344</u>

\* Estimate