

THE CANYONS METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2025

**CANYONS METROPOLITAN DISTRICT NO. 3
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------------|----------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 24,365,224 | \$ 21,777,698 | \$ 19,866,017 |
| REVENUES | | | |
| Property taxes | 36,574 | 268,241 | 582,097 |
| Specific ownership taxes | 3,392 | 20,040 | 46,568 |
| Interest Income | 1,072,712 | 952,000 | 405,500 |
| Developer advance | 62,730 | 38,337 | 997,579 |
| Facilities fees | - | - | 695,000 |
| Transfers from Canyons MD No. 1 - PIF | - | - | 755,000 |
| Cost reimbursement from Shea | - | 10,000 | - |
| Total revenues | <u>1,175,408</u> | <u>1,288,618</u> | <u>3,481,744</u> |
| Total funds available | <u>25,540,632</u> | <u>23,066,316</u> | <u>23,347,761</u> |
| EXPENDITURES | | | |
| General Fund | 67,253 | 75,095 | 84,000 |
| Debt Service Fund | 29,865 | 243,955 | 1,975,000 |
| Capital Projects Fund | 3,665,816 | 2,881,250 | 21,248,895 |
| Total expenditures | <u>3,762,934</u> | <u>3,200,299</u> | <u>23,307,895</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,762,934</u> | <u>3,200,299</u> | <u>23,307,895</u> |
| ENDING FUND BALANCES | <u>\$ 21,777,698</u> | <u>\$ 19,866,017</u> | <u>\$ 39,866</u> |
| EMERGENCY RESERVE | \$ 300 | \$ 1,500 | \$ 3,200 |
| TOTAL RESERVE | <u>\$ 300</u> | <u>\$ 1,500</u> | <u>\$ 3,200</u> |

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|------------------------------------|----------------|-------------------|----------------|
| ASSESSED VALUATION | | | |
| Multi-Family Residential | \$ 335,360 | \$ 2,164,000 | \$ 7,613,880 |
| Commercial | - | - | - |
| Agricultural | 1,290 | 1,230 | 1,210 |
| State assessed | - | - | 100 |
| Vacant land | 323,110 | 2,297,550 | 2,298,430 |
| Personal property | - | 238,710 | 230,480 |
| Oil and Gas-Production | 150 | 140 | 140 |
| Certified Assessed Value | \$ 659,910 | \$ 4,701,630 | \$ 10,144,240 |
| MILL LEVY | | | |
| General | 9.237 | 9.484 | 9.563 |
| Debt Service | 46.185 | 47.424 | 47.819 |
| Total mill levy | 55.422 | 56.908 | 57.382 |
| PROPERTY TAXES | | | |
| General | \$ 6,096 | \$ 44,590 | \$ 97,010 |
| Debt Service | 30,478 | 222,970 | 485,087 |
| Levied property taxes | 36,574 | 267,560 | 582,097 |
| Adjustments to actual/rounding | - | - | - |
| Refunds and abatements | - | 681 | - |
| Budgeted property taxes | \$ 36,574 | \$ 268,241 | \$ 582,097 |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 6,097 | \$ 44,704 | \$ 97,010 |
| Debt Service | 30,477 | 223,537 | 485,087 |
| | \$ 36,574 | \$ 268,241 | \$ 582,097 |

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ (6,174) | \$ (5,586) | \$ 5,700 |
| REVENUES | | | |
| Property taxes | 6,097 | 44,704 | 97,010 |
| Specific ownership taxes | 566 | 3,340 | 7,761 |
| Interest Income | 122 | - | 500 |
| Developer advance | 61,056 | 38,337 | 6,000 |
| Total revenues | 67,841 | 86,381 | 111,271 |
| Total funds available | 61,667 | 80,795 | 116,971 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 37,080 | 38,500 | 40,000 |
| Auditing | 4,800 | 5,200 | 5,500 |
| County Treasurer's Fee | 93 | 671 | 1,455 |
| Dues and Membership | 322 | 324 | 450 |
| Insurance | 3,821 | 4,200 | 4,200 |
| Legal | 19,272 | 25,000 | 23,000 |
| Miscellaneous | 1,140 | 1,200 | 2,000 |
| Election | 725 | - | 6,000 |
| Contingency | - | - | 1,395 |
| Total expenditures | 67,253 | 75,095 | 84,000 |
| Total expenditures and transfers out requiring appropriation | 67,253 | 75,095 | 84,000 |
| ENDING FUND BALANCES | \$ (5,586) | \$ 5,700 | \$ 32,971 |
| EMERGENCY RESERVE | \$ 300 | \$ 1,500 | \$ 3,200 |
| TOTAL RESERVE | \$ 300 | \$ 1,500 | \$ 3,200 |

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 182 | \$ 4,718 | \$ 3,000 |
| REVENUES | | | |
| Property taxes | 30,477 | 223,537 | 485,087 |
| Specific ownership taxes | 2,826 | 16,700 | 38,807 |
| Interest Income | 1,098 | 2,000 | 5,000 |
| Facilities fees | - | - | 695,000 |
| Transfers from Canyons MD No. 1 - PIF | - | - | 755,000 |
| Total revenues | 34,401 | 242,237 | 1,978,894 |
| Total funds available | 34,583 | 246,955 | 1,981,894 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's Fee | 466 | 3,604 | 7,276 |
| Debt Service | | | |
| Bond interest - Series 2021 | 25,399 | 236,351 | 1,963,724 |
| Paying agent fees | 4,000 | 4,000 | 4,000 |
| Total expenditures | 29,865 | 243,955 | 1,975,000 |
| Total expenditures and transfers out requiring appropriation | 29,865 | 243,955 | 1,975,000 |
| ENDING FUND BALANCES | \$ 4,718 | \$ 3,000 | \$ 6,894 |

No assurance provided. See summary of significant assumptions.

**CANYONS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------------|----------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 24,371,216 | \$ 21,778,566 | \$ 19,857,316 |
| REVENUES | | | |
| Interest Income | 1,071,492 | 950,000 | 400,000 |
| Developer advance | 1,674 | - | 991,579 |
| Cost reimbursement from Shea | - | 10,000 | - |
| Total revenues | <u>1,073,166</u> | <u>960,000</u> | <u>1,391,579</u> |
| Total funds available | <u>25,444,382</u> | <u>22,738,566</u> | <u>21,248,895</u> |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Accounting | 16,435 | 12,000 | 14,500 |
| Legal | 4,600 | 8,000 | 10,000 |
| Escrow Fee | 2,525 | 2,250 | 2,500 |
| Capital Projects | | | |
| Engineering | 242,342 | 125,000 | 100,000 |
| Capital outlay | 3,399,914 | 2,734,000 | 21,121,895 |
| Total expenditures | <u>3,665,816</u> | <u>2,881,250</u> | <u>21,248,895</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,665,816</u> | <u>2,881,250</u> | <u>21,248,895</u> |
| ENDING FUND BALANCES | <u>\$ 21,778,566</u> | <u>\$ 19,857,316</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2025 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 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
2025 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.

Pursuant to the Service Plan, the District is required to adjust its maximum Required Mill Levy for changes in the ratio of actual to assessed value of property within the District. As of December 31, 2023, the adjusted maximum mill levy for debt service is 47.424 mills and 9.484 for operations. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up any deficiencies in the Reserve Fund].

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 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 8% of the property taxes collected.

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (Continued)

Developer Advances

The District is in the development stage. As such, the operating, administrative, and capital expenditures are expected to be partially 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 4%.

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.

Debt Service

Principal and interest payments on the Series 2021 Bonds (described below) are provided based upon projected available pledged revenues.

Capital Outlay

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The details of the District's general obligation bonds outstanding during 2023 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:

| <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
2025 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.

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 CANYONS METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

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.

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.