

CANYON PINES METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

## C O N T E N T S

|   | <u>Page</u> |
|---|-------------|
| <u>Independent Auditor's Report</u>   | I           |
| <br><u>Basic Financial Statements</u>   |             |
| Balance Sheet/Statement of Net Position – Governmental Funds  | 1           |
| Statement of Revenues, Expenditures and Changes in Fund<br>Balances/Statement of Activities – Governmental Funds                      | 2           |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual - General Fund                                 | 3           |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual – SID #1 Capital Projects Special Revenue Fund | 4           |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual – SID #1 Debt Service Special Revenue Fund     | 5           |
| Notes to Financial Statements   | 6           |
| <br><u>Supplemental Information</u>   |             |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual - Debt Service Fund                            | 22          |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual – Capital Projects Fund                        | 23          |
| <br><u>Continuing Disclosure Annual Financial Information – Unaudited</u>   |             |
| History of District's Assessed Valuations, Mill Levies and<br>Property Tax Collections  | 24          |
| Assessed and Actual Valuation of Classes of Property in the District  | 24          |



Board of Directors  
Canyon Pines Metropolitan District  
Jefferson County, Colorado

## Independent Auditor's Report

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Canyon Pines Metropolitan District (the "District"), as of and for the year ended December 31, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Canyon Pines Metropolitan District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund and special revenue funds 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 (GAAS). 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 (GAAP), 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 GAAS 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 GAAS, 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.

## Other Matters

### Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

### Supplemental Information

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

### Continuing Disclosure Annual Financial Information

Management is responsible for the continuing disclosure annual financial information included in our report. The continuing disclosure annual financial 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 continuing disclosure annual financial information, and, accordingly, we do not express an opinion or provide any assurance on them.

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

*Wipfli LLP*

Wipfli LLP  
Denver, Colorado

September 23, 2025

**CANYON PINES METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2024

|   | <u>General</u>    | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | SID #1<br>Capital Projects<br>Special<br><u>Revenue Fund</u> | SID #1<br>Debt Service<br>Special<br><u>Revenue Fund</u> | <u>Total</u>        | <u>Adjustments</u>    | Statement<br>of<br><u>Net Position</u> |
|---|-------------------|-------------------------|-----------------------------|--|--|---------------------|-----------------------|--|
| <b>ASSETS</b>   |                   |                         |                             |  |  |                     |                       |  |
| Cash and investments - Restricted   | \$ 2,006          | \$ 3,159                | \$ 5,086,124                | \$ 1,694   | \$ 2,529,510   | \$ 7,622,493        | \$ -                  | \$ 7,622,493                           |
| Receivable - County Treasurer   | 2                 | 4                       | -                           | -  | -  | 6                   | -                     | 6                                      |
| Property taxes receivable   | 122,525           | 306,309                 | -                           | -  | -  | 428,834             | -                     | 428,834                                |
| Prepaid expenses  | 450               | -                       | -                           | -  | -  | 450                 | -                     | 450                                    |
| Due from developer  | 19,142            | -                       | -                           | -  | -  | 19,142              | (19,142)              | -                                      |
| Due from other funds  | 228               | -                       | -                           | -  | -  | 228                 | (228)                 | -                                      |
| Capital assets not being depreciated  | -                 | -                       | -                           | -  | -  | -                   | 32,552,994            | 32,552,994                             |
| <b>Total Assets</b>   | <u>\$ 144,353</u> | <u>\$ 309,472</u>       | <u>\$ 5,086,124</u>         | <u>\$ 1,694</u>  | <u>\$ 2,529,510</u>                                      | <u>\$ 8,071,153</u> | <u>32,533,624</u>     | <u>40,604,777</u>                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                   |                         |                             |  |  |                     |                       |  |
| Deferred loss on refunding  | -                 | -                       | -                           | -  | -  | -                   | 404,831               | 404,831                                |
| <b>Total Deferred Outflows of Resources</b>                                   | <u>-</u>          | <u>-</u>                | <u>-</u>                    | <u>-</u>   | <u>-</u>   | <u>-</u>            | <u>404,831</u>        | <u>404,831</u>                         |
| <b>Total Assets and Deferred Outflows of Resources</b>                        | <u>\$ 144,353</u> | <u>\$ 309,472</u>       | <u>\$ 5,086,124</u>         | <u>\$ 1,694</u>  | <u>\$ 2,529,510</u>                                      | <u>\$ 8,071,153</u> |                       |  |
| <b>LIABILITIES</b>  |                   |                         |                             |  |  |                     |                       |  |
| Accounts payable  | \$ 21,827         | \$ -                    | \$ 76,481                   | \$ -   | \$ -   | \$ 98,308           | -                     | 98,308                                 |
| Retainage payable   | -                 | -                       | 601,783                     | -  | -  | 601,783             | -                     | 601,783                                |
| Accrued interest on bonds   | -                 | -                       | -                           | -  | -  | -                   | 65,855                | 65,855                                 |
| Due to other funds  | -                 | -                       | -                           | -  | 228  | 228                 | (228)                 | -                                      |
| Due to other governmental entities  | 1                 | -                       | -                           | -  | -  | 1                   | -                     | 1                                      |
| Long-term liabilities:  |                   |                         |                             |  |  |                     |                       |  |
| Due within one year   | -                 | -                       | -                           | -  | -  | -                   | 5,000                 | 5,000                                  |
| Due in more than one year   | -                 | -                       | -                           | -  | -  | -                   | 44,530,064            | 44,530,064                             |
| <b>Total Liabilities</b>  | <u>21,828</u>     | <u>-</u>                | <u>678,264</u>              | <u>-</u>   | <u>228</u>   | <u>700,320</u>      | <u>44,600,691</u>     | <u>45,301,011</u>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                   |                         |                             |  |  |                     |                       |  |
| Deferred property taxes   | 122,525           | 306,309                 | -                           | -  | -  | 428,834             | -                     | 428,834                                |
| <b>Total Deferred Inflows of Resources</b>                                    | <u>122,525</u>    | <u>306,309</u>          | <u>-</u>                    | <u>-</u>   | <u>-</u>   | <u>428,834</u>      | <u>-</u>              | <u>428,834</u>                         |
| <b>FUND BALANCES/NET POSITION</b>   |                   |                         |                             |  |  |                     |                       |  |
| Fund Balances:  |                   |                         |                             |  |  |                     |                       |  |
| Nonspendable:   |                   |                         |                             |  |  |                     |                       |  |
| Prepays   | 450               | -                       | -                           | -  | -  | 450                 | (450)                 | -                                      |
| Restricted:   |                   |                         |                             |  |  |                     |                       |  |
| Emergencies   | 3,864             | -                       | -                           | -  | -  | 3,864               | (3,864)               | -                                      |
| Debt service  | -                 | 3,163                   | -                           | -  | 2,529,282  | 2,532,445           | (2,532,445)           | -                                      |
| Capital projects  | -                 | -                       | 4,407,860                   | 1,694  | -  | 4,409,554           | (4,409,554)           | -                                      |
| Unassigned  | (4,314)           | -                       | -                           | -  | -  | (4,314)             | 4,314                 | -                                      |
| <b>Total Fund Balances</b>  | <u>-</u>          | <u>3,163</u>            | <u>4,407,860</u>            | <u>1,694</u>   | <u>2,529,282</u>   | <u>6,941,999</u>    | <u>(6,941,999)</u>    | <u>-</u>                               |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 144,353</u> | <u>\$ 309,472</u>       | <u>\$ 5,086,124</u>         | <u>\$ 1,694</u>  | <u>\$ 2,529,510</u>                                      | <u>\$ 8,071,153</u> |                       |  |
| Net Position:   |                   |                         |                             |  |  |                     |                       |  |
| Restricted for:   |                   |                         |                             |  |  |                     |                       |  |
| Emergencies   |                   |                         |                             |  |  |                     | 3,864                 | 3,864                                  |
| Debt service  |                   |                         |                             |  |  |                     | 2,466,590             | 2,466,590                              |
| Capital projects  |                   |                         |                             |  |  |                     | 4,409,554             | 4,409,554                              |
| Unrestricted  |                   |                         |                             |  |  |                     | (11,600,246)          | (11,600,246)                           |
| <b>Total Net Position</b>   |                   |                         |                             |  |  |                     | <u>\$ (4,720,238)</u> | <u>\$ (4,720,238)</u>                  |

The notes to the financial statements are an integral part of these statements.

**CANYON PINES METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2024

|  | <u>General</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>SID #1<br/>Capital<br/>Projects<br/>Special<br/>Revenue Fund</u> | <u>SID #1<br/>Debt<br/>Service<br/>Special<br/>Revenue Fund</u> | <u>Total</u>        | <u>Adjustments</u>     | <u>Statement<br/>of<br/>Activities</u> |
|--|----------------|-------------------------|-----------------------------|---|---|---------------------|------------------------|--|
| <b>EXPENDITURES</b>                                      |                |                         |                             |   |   |                     |                        |  |
| Accounting and audit                                     | \$ 22,164      | \$ -                    | \$ -                        | \$ -  | \$ -  | \$ 22,164           | \$ -                   | \$ 22,164                              |
| Election expense   | 353            | -                       | -                           | -   | -   | 353                 | -                      | 353                                    |
| Engineering  | -              | -                       | 187,855                     | -   | -   | 187,855             | (187,855)              | -                                      |
| Insurance  | 3,464          | -                       | -                           | -   | -   | 3,464               | -                      | 3,464                                  |
| Legal  | 36,200         | -                       | 22,994                      | -   | -   | 59,194              | -                      | 59,194                                 |
| Management fees  | 18,921         | -                       | -                           | -   | -   | 18,921              | -                      | 18,921                                 |
| Miscellaneous expenses                                   | 13,764         | -                       | -                           | -   | -   | 13,764              | -                      | 13,764                                 |
| SID collection fees                                      | 2,044          | -                       | -                           | -   | -   | 2,044               | -                      | 2,044                                  |
| Treasurer's fees   | 5              | 12                      | -                           | -   | -   | 17                  | -                      | 17                                     |
| Bond principal   | -              | -                       | -                           | -   | 789,461   | 789,461             | (789,461)              | -                                      |
| Bond interest expense                                    | -              | -                       | -                           | -   | 810,419   | 810,419             | 1,035,225              | 1,845,644                              |
| Paying agent fees  | -              | 8,000                   | -                           | -   | 3,000   | 11,000              | -                      | 11,000                                 |
| Bond issuance costs                                      | -              | -                       | 530,758                     | -   | -   | 530,758             | -                      | 530,758                                |
| Capital outlay   | -              | -                       | 2,013,199                   | -   | -   | 2,013,199           | (2,013,199)            | -                                      |
| Developer advances - interest                            | -              | -                       | -                           | -   | -   | -                   | 24,498                 | 24,498                                 |
| Total Expenditures                                       | <u>96,915</u>  | <u>8,012</u>            | <u>2,754,806</u>            | <u>-</u>  | <u>1,602,880</u>  | <u>4,462,613</u>    | <u>(1,930,792)</u>     | <u>2,531,821</u>                       |
| <b>GENERAL REVENUES</b>                                  |                |                         |                             |   |   |                     |                        |  |
| Property taxes   | 309            | 772                     | -                           | -   | -   | 1,081               | -                      | 1,081                                  |
| Specific ownership taxes                                 | 20             | 50                      | -                           | -   | -   | 70                  | -                      | 70                                     |
| Fee revenue  | -              | -                       | -                           | -   | 1,584,731   | 1,584,731           | -                      | 1,584,731                              |
| Interest income  | -              | 2,310                   | 110,163                     | 84  | 150,864   | 263,421             | -                      | 263,421                                |
| Total General Revenues                                   | <u>329</u>     | <u>3,132</u>            | <u>110,163</u>              | <u>84</u>   | <u>1,735,595</u>  | <u>1,849,303</u>    | <u>-</u>               | <u>1,849,303</u>                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> |                |                         |                             |   |   |                     |                        |  |
|  | (96,586)       | (4,880)                 | (2,644,643)                 | 84  | 132,715   | (2,613,310)         | 1,930,792              | (682,518)                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                |                         |                             |   |   |                     |                        |  |
| Bond proceeds  | -              | -                       | 12,618,000                  | -   | -   | 12,618,000          | (12,618,000)           | -                                      |
| Payment to refunding agent                               | -              | (7,092,429)             | -                           | -   | -   | (7,092,429)         | 7,092,429              | -                                      |
| Developer advances                                       | 96,586         | 8,000                   | -                           | -   | 3,000   | 107,586             | (107,586)              | -                                      |
| Transfers in (out)                                       | -              | 7,092,429               | (7,092,429)                 | -   | -   | -                   | -                      | -                                      |
| Total Other Financing Sources (Uses)                     | <u>96,586</u>  | <u>8,000</u>            | <u>5,525,571</u>            | <u>-</u>  | <u>3,000</u>  | <u>5,633,157</u>    | <u>(5,633,157)</u>     | <u>-</u>                               |
| <b>NET CHANGES IN FUND BALANCES</b>                      |                |                         |                             |   |   |                     |                        |  |
|  | -              | 3,120                   | 2,880,928                   | 84  | 135,715   | 3,019,847           | (3,019,847)            |  |
| <b>CHANGE IN NET POSITION</b>                            |                |                         |                             |   |   |                     |                        |  |
|  |                |                         |                             |   |   |                     | (682,518)              | (682,518)                              |
| <b>FUND BALANCES/NET POSITION:</b>                       |                |                         |                             |   |   |                     |                        |  |
| BEGINNING OF YEAR  | -              | 43                      | 1,526,932                   | 1,610   | 2,393,567   | 3,922,152           | (7,959,872)            | (4,037,720)                            |
| END OF YEAR  | <u>\$ -</u>    | <u>\$ 3,163</u>         | <u>\$ 4,407,860</u>         | <u>\$ 1,694</u>   | <u>\$ 2,529,282</u>   | <u>\$ 6,941,999</u> | <u>\$ (11,662,237)</u> | <u>\$ (4,720,238)</u>                  |

The notes to the financial statements are an integral part of these statements.

## CANYON PINES METROPOLITAN DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>REVENUES</b>  |                            |                         |               |   |
| Property taxes   | \$ 307                     | \$ 307                  | \$ 309        | \$ 2  |
| Specific ownership taxes                                     | 15                         | 15                      | 20            | 5   |
| Total Revenues   | 322                        | 322                     | 329           | 7   |
| <b>EXPENDITURES</b>  |                            |                         |               |   |
| Accounting and audit   | 24,000                     | 24,500                  | 22,164        | 2,336   |
| Election expense   | 1,500                      | 1,500                   | 353           | 1,147   |
| Insurance  | 3,750                      | 3,750                   | 3,464         | 286   |
| Legal  | 40,000                     | 40,000                  | 36,200        | 3,800   |
| Management fees  | 18,000                     | 19,000                  | 18,921        | 79  |
| Miscellaneous expenses                                       | 200                        | 15,000                  | 13,764        | 1,236   |
| SID collection fees  | 5,000                      | 5,000                   | 2,044         | 2,956   |
| Office supplies  | 1,000                      | 1,000                   | -             | 1,000   |
| Transfer to other governmental entity                        | 9                          | 9                       | -             | 9   |
| Treasurer's fees   | 5                          | 5                       | 5             | -   |
| Contingency  | 732                        | 236                     | -             | 236   |
| Emergency reserve  | 2,804                      | -                       | -             | -   |
| Total Expenditures   | 97,000                     | 110,000                 | 96,915        | 13,085  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | (96,678)                   | (109,678)               | (96,586)      | 13,092  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |               |   |
| Developer advances   | 96,678                     | 109,678                 | 96,586        | (13,092)  |
| Total Other Financing Sources (Uses)                         | 96,678                     | 109,678                 | 96,586        | (13,092)  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | -                          | -                       | -             | -   |
| <b>FUND BALANCE:</b>   |                            |                         |               |   |
| BEGINNING OF YEAR  | -                          | -                       | -             | -   |
| END OF YEAR  | \$ -                       | \$ -                    | \$ -          | \$ -  |

The notes to the financial statements are an integral part of these statements.

**CANYON PINES METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 SPECIAL IMPROVEMENT DISTRICT NO. 1  
 CAPITAL PROJECTS SPECIAL REVENUE FUND  
 For the Year Ended December 31, 2024

|                            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|----------------------------|----------------------------|-------------------------|-----------------|---|
| REVENUES                   |                            |                         |                 |   |
| Interest income            | \$ -                       | \$ -                    | \$ 84           | \$ 84   |
| Total Revenues             | <u>-</u>                   | <u>-</u>                | <u>84</u>       | <u>84</u>                                       |
| EXPENDITURES               |                            |                         |                 |   |
| Engineering                | -                          | -                       | -               | -   |
| Legal                      | -                          | -                       | -               | -   |
| Capital outlay             | <u>-</u>                   | <u>-</u>                | <u>-</u>        | <u>-</u>  |
| Total Expenditures         | <u>-</u>                   | <u>-</u>                | <u>-</u>        | <u>-</u>  |
| NET CHANGE IN FUND BALANCE | -                          | -                       | 84              | 84  |
| FUND BALANCE:              |                            |                         |                 |   |
| BEGINNING OF YEAR          | <u>-</u>                   | <u>-</u>                | <u>1,610</u>    | <u>1,610</u>                                    |
| END OF YEAR                | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,694</u> | <u>\$ 1,694</u>                                 |

The notes to the financial statements are an integral part of these statements.

## CANYON PINES METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
SPECIAL IMPROVEMENT DISTRICT NO. 1  
DEBT SERVICE SPECIAL REVENUE FUND  
For the Year Ended December 31, 2024

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>  |                            |                         |                     |   |
| Fee revenue  | \$ 1,250,000               | \$ 1,585,000            | \$ 1,584,731        | \$ (269)  |
| Interest income  | <u>150,000</u>             | <u>151,000</u>          | <u>150,864</u>      | <u>(136)</u>                                    |
| Total Revenues   | <u>1,400,000</u>           | <u>1,736,000</u>        | <u>1,735,595</u>    | <u>(405)</u>                                    |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| Bond principal   | 5,000                      | 790,000                 | 789,461             | 539   |
| Bond interest expense  | 849,188                    | 811,000                 | 810,419             | 581   |
| Paying agent fees  | <u>4,000</u>               | <u>4,000</u>            | <u>3,000</u>        | <u>1,000</u>                                    |
| Total Expenditures   | <u>858,188</u>             | <u>1,605,000</u>        | <u>1,602,880</u>    | <u>2,120</u>                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | 541,812                    | 131,000                 | 132,715             | 1,715   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |                     |   |
| Developer advances   | <u>-</u>                   | <u>3,000</u>            | <u>3,000</u>        | <u>-</u>  |
| Total Other Financing Sources (Uses)                         | <u>-</u>                   | <u>3,000</u>            | <u>3,000</u>        | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 541,812                    | 134,000                 | 135,715             | 1,715   |
| <b>FUND BALANCE:</b>   |                            |                         |                     |   |
| BEGINNING OF YEAR  | <u>3,267,084</u>           | <u>2,393,567</u>        | <u>2,393,567</u>    | <u>-</u>  |
| END OF YEAR  | <u>\$ 3,808,896</u>        | <u>\$ 2,527,567</u>     | <u>\$ 2,529,282</u> | <u>\$ 1,715</u>                                 |

The notes to the financial statements are an integral part of these statements.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Canyon Pines Metropolitan District (the “District”), located in the City of Arvada (the “City”), Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized by order and decree of the District Court for Jefferson County (the “County”) on June 11, 2004, as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed under provisions of the State of Colorado Special District Act. The District, along with Jefferson Center Metropolitan District No. 1, Jefferson Center Metropolitan District No. 2, Vauxmont Metropolitan District, Cimarron Metropolitan District and Mountain Shadows Metropolitan District (“MSMD”) (collectively, the “Districts”), each of which was organized in 2004, serve a service area which is located primarily in the City, with some portions outside the City in unincorporated Jefferson County. The Districts were established to finance and construct water, sanitary and storm sewer, streets, limited fire protection services, park and recreation, safety protection, mosquito control, television relay and transmission, and transportation facilities and services. Jefferson Center Metropolitan District No. 2 (the “Service District”) is responsible for managing the financing, construction, operation and maintenance of certain regional improvements to benefit the service area as well as providing certain administrative services for the Districts. The District, Jefferson Center Metropolitan District No. 1, Vauxmont Metropolitan District, Cimarron Metropolitan District and MSMD (the “Financing Districts”) are responsible for providing certain funding needed to support the Service District’s provision of services. The District operates under a Service Plan approved by the City on March 1, 2004, as amended by the First Amendment to the Service Plan approved by the City on September 19, 2022. The District was established to provide financing for the construction and installation of facilities for water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation, limited fire protection and mosquito control improvements and services (the “Public Improvements”). The District was established to finance and construct certain Public Improvements that benefit the property owners and taxpayers of the District. The District’s primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

On May 25, 2021, the District formed Canyon Pines Special Improvement District No. 1 (the "SID") for the construction, installation, completion and acquisition of the Public Improvements pursuant to the District's Service Plan. The SID is being presented as a blended component unit because it was established for the benefit of the District's constituents.

The District is not financially accountable for any other organization. The District has no employees and all operations and administrative functions are contracted.

### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

SID #1 Capital Projects Special Revenue Fund – The SID #1 Capital Projects Special Revenue Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

SID #1 Debt Service Special Revenue Fund - The SID #1 Debt Service Special Revenue Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

### Budgetary Accounting

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

On May 28, 2025, the District amended its total appropriations in the General Fund from \$97,000 to \$110,000 due to the increase in expenses over the amount budgeted, in the Capital Projects Fund from \$4,791,171 to \$12,600,000 primarily due to the issuance of bonds and transfers to the Debt Service Fund, in the Debt Service Fund from \$13,814 to \$7,106,586 primarily due to the refunding of outstanding debt and in the SID #1 Debt Service Special Revenue Fund from \$858,188 to \$1,605,000 due to the Special Optional Redemption that was not budgeted.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Assets, Liabilities and Net Position Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

### Deposits

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition.

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Original Issue Discount

Original issue discount from the Series 2021A-2 Bonds is being amortized over the term of the bonds using the interest/straight-line method. Accumulated amortization of original issue discount amounted to \$146,886 at December 31, 2024.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of three years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

### 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

### Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

The nonspendable fund balance in the General Fund in the amount of \$450 represents prepaid expenditures.

### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,864 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$3,163 is restricted for the payment of the debt service costs associated with the Series 2021A-1<sup>(3)</sup>, Series 2022(3) Bonds and Series 2024 Bonds (see Note 4).

The restricted fund balance in the SID#1 Debt Service Special Revenue Fund in the amount of \$2,529,282 is restricted for the payment of the debt service costs associated with the Series 2021A-2 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$4,407,860 is restricted for the payment of the costs for capital improvements within the District.

The restricted fund balance in the SID #1 Capital Projects Special Revenue Fund in the amount of \$1,694 is restricted for the payment of the costs for capital improvements within the District.

### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

The District has a deficit in unrestricted net position as of December 31, 2024. This deficit amount is the result of the bond issuance costs that were paid from bond proceeds and the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

Note 2: Cash and investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                  |                     |
|----------------------------------|---------------------|
| Cash and investment – Restricted | \$ <u>7,622,493</u> |
| Total                            | \$ <u>7,622,493</u> |

Cash and investments as of December 31, 2024, consist of the following:

|                                      |                     |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 2,614            |
| Investments – Colotrust              | <u>7,619,879</u>    |
|                                      | \$ <u>7,622,493</u> |

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Deposits

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

### Investments

#### Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost. The District’s investments are not required to be categorized within the fair value hierarchy. This investments’ values are calculated using the net asset value method (NAV) per share.

#### Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

#### Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2024, the District had the following investments:

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2024, the District had \$7,619,879 invested in COLOTRUST Plus+, which was held in trust accounts with UMB Bank.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024, follows:

| <u>Governmental Type Activities:</u>         | <u>Balance</u><br><u>1/1/2024</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Balance</u><br><u>12/31/2024</u> |
|--|-----------------------------------|---------------------|------------------|-------------------------------------|
| <u>Capital assets not being depreciated:</u> |                                   |                     |                  |                                     |
| Construction in progress                     | \$ 30,351,940                     | \$ 2,201,054        | \$ -             | \$ 32,552,994                       |
| Total capital assets not being depreciated   | <u>30,351,940</u>                 | <u>2,201,054</u>    | <u>-</u>         | <u>32,552,994</u>                   |
| Government type assets, net                  | <u>\$ 30,351,940</u>              | <u>\$ 2,201,054</u> | <u>\$ -</u>      | <u>\$ 32,552,994</u>                |

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

General Obligation Limited Tax Bonds Series 2021A-1(3)

On July 8, 2021, the District issued \$9,000,000 of General Obligation Limited Tax Bonds (the “Series 2021A-1(3) Bonds”). The Series 2021A-1(3) Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and paying the costs of issuance of the Series 2021A-1(3) Bonds. The Series 2021A-1(3) Bonds bear interest at the rate of 5.250%, payable annually on December 1, commencing on December 1, 2021, to the extent that Pledged Revenue is available. The Series 2021A-1(3) Bonds are secured by Pledged Revenues including the Required Mill Levy (as defined in the Indenture of Trust for the Series 2021A-1(3) Bonds or the “Series 2021A-1(3) Indenture”), specific ownership taxes attributable to the District’s Required Mill Levy and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Indenture Trustee for application as Pledged Revenue.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The Series 2021A-1<sub>(3)</sub> Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Pledged Revenue for payment. In the event any amounts due and owing on the Series 2021A-1<sub>(3)</sub> Bonds remain outstanding on December 2, 2061, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Series 2021A-1<sub>(3)</sub> Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on September 1, 2026, and on any date thereafter, upon payment of the principal so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium as follows:

3% of the amount redeemed from September 1, 2026 to August 31, 2027  
2% of the amount redeemed from September 1, 2027 to August 31, 2028  
1% of the amount redeemed from September 1, 2028 to August 31, 2029  
Redemptions on and after September 1, 2029 are at par

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

In accordance with the Bond documents, due to the limited nature of the pledged revenues, the District will not be in default of its obligations by reason of failure to pay interest or principal when due. Any unpaid interest will compound on the due date commencing December 1, 2021.

Special Assessment Revenue Bonds, Series 2021A-2

On July 8, 2021 the District issued \$22,650,000 of Special Assessment Revenue Bonds Series 2021A-2 (the “Series 2021A-2 Bonds”) for the purpose of financing or reimbursing public improvements related to the Development, paying capitalized interest on the Series 2021A-2 Bonds, funding the Reserve Fund for the Series 2021A-2 Bonds and paying the cost of issuing the Series 2021A-2 Bonds, which mature on December 1, 2040. The Series 2021A-2 Bonds bear interest at the rate of 3.750%, payable semiannually on each June 1 and December 1, commencing on December 1, 2021. The Series 2021A-2 Bonds are secured by Pledged Revenues including the proceeds of the Special Assessments (including prepayments thereof) (as defined in the Indenture of Trust for the Series 2021A-2 Bonds or the “Series 2021A-2 Indenture”), any Assessment Lien Sale Proceeds received by the District (as defined by the Series 2021A-2 Indenture) and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The Series 2021A-2 Bonds are also secured by a Reserve Fund in the amount of \$2,200,946 and capitalized interest in the original amount of \$1,682,234. As of December 31, 2024, the District had \$2,251,135 deposited in the Reserve Fund and \$0 in the capitalized interest fund.

The Series 2021A-2 Bonds are subject to a mandatory sinking fund redemption, on December 1 of each year, commencing on December 1, 2033. The Series 2021A-2 Bonds are subject to optional redemption prior to maturity, at the option of the District, on September 1, 2026 and on any date thereafter with a redemption premium as follows:

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

3% of the amount redeemed from September 1, 2026 to August 31, 2027  
2% of the amount redeemed from September 1, 2027 to August 31, 2028  
1% of the amount redeemed from September 1, 2028 to August 31, 2029  
Redemptions on and after September 1, 2029 are at par

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021A-2 Bonds:

|           | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-----------|----------------------|---------------------|----------------------|
| 2025      | \$ 5,000             | \$ 790,258          | \$ 795,258           |
| 2026      | 5,000                | 790,070             | 795,070              |
| 2027      | 5,000                | 789,883             | 794,883              |
| 2028      | 5,000                | 789,695             | 794,695              |
| 2029      | 1,380,000            | 789,508             | 2,169,508            |
| 2030-2034 | 7,705,000            | 3,131,913           | 10,836,913           |
| 2035-2039 | 9,265,000            | 1,574,538           | 10,839,538           |
| 2040      | <u>2,703,537</u>     | <u>101,383</u>      | <u>2,804,920</u>     |
|           | <u>\$ 21,073,537</u> | <u>\$ 8,757,248</u> | <u>\$ 29,830,785</u> |

General Obligation Limited Tax Capital Appreciation Bonds, Series 2022<sup>(3)</sup>

On December 6, 2022, the District issued the General Obligation Limited Tax Capital Appreciation Bonds, Series 2022<sup>(3)</sup> (the “Series 2022<sup>(3)</sup> Bonds in the original issue amount of \$5,931,151. The Series 2022<sup>(3)</sup> Bonds were issued for the purposes of (a) financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the Development; and (b) financing the costs of issuing the Series 2022<sup>(3)</sup> Bonds. The Series 2022<sup>(3)</sup> Bonds are capital appreciation bonds that initially accrete at 8.000% compounded semiannually through the Maturity Date of December 1, 2027 (the “Maturity Date”). During 2024, the Series 2022<sup>(3)</sup> Bonds were refunded in full by the Series 2024 Bonds.

General Obligation Limited Tax Refunding and Improvement Bonds Series 2024

On October 31, 2024, the District issued \$12,618,000 of General Obligation Limited Tax Refunding and Improvement Bonds (the “Series 2024 Bonds”). The Series 2024 Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District, paying the tender price of the District’s Series 2022<sup>(3)</sup> Bonds and paying the costs of issuance of the Series 2024 Bonds. The Series 2024 Bonds bear interest at the rate of 8.250%, payable annually on December 1, commencing on December 1, 2024, to the extent that Pledged Revenue is available. The Series 2024 Bonds are secured by Pledged Revenues including the Required Mill Levy (as defined in the Indenture of Trust for the Series 2024 Bonds), the Additional Required Mill Levy (as defined in the Indenture of Trust for the Series 2024 Bonds), specific ownership taxes attributable to the District’s Required Mill Levy and Additional Required Mill Levy and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Indenture Trustee for application as Pledged Revenue.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The Series 2024 Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Pledged Revenue for payment. In the event any amounts due and owing on the Series 2024 Bonds remain outstanding on December 2, 2061, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Series 2024 Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2031, and on any date thereafter, upon payment par, accrued interest and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

3% of the amount redeemed from December 1, 2031 to November 30, 2032  
2% of the amount redeemed from December 1, 2032 to November 30, 2033  
1% of the amount redeemed from December 1, 2033 to November 30, 2034  
Redemptions on and after December 1, 2034 are at par

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

In accordance with the Bond documents, due to the limited nature of the pledged revenues, the District will not be in default of its obligations by reason of failure to pay interest or principal when due. Any unpaid interest will compound on the due date commencing December 1, 2024.

Developer Advances

On July 8, 2021, the District and Section 27, LLC (the “Developer”) entered into an Operation Funding Agreement, as amended by the Amendment to Operation Funding Agreement on November 24, 2021 (the “OFA”). Pursuant to the OFA, the Developer agreed to advance funds for operations, maintenance and administrative expenses to be incurred for fiscal year 2022 up to the shortfall amount of \$150,000. The District shall repay the advances made under the OFA together with interest at the rate of 8% per annum from the date of deposit into the District’s account, until paid. The term for repayment of this obligation shall expire on December 31, 2062. The District hereby agrees that it is its intention to repay any advances under the OFA, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties, and charges and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations, maintenance and administrative expenses, which repayment is subject to annual budget and appropriation. As of December 31, 2024, the District had \$402,769 of developer advances payable under the OFA, which includes \$50,836 of accrued interest.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The following is an analysis of changes in long-term debt for the year ending December 31, 2024:

|   | Balance<br>12/31/2023 | Additions            | Deletions             | Balance<br>12/31/2024 | Current<br>Portion |
|---|-----------------------|----------------------|-----------------------|-----------------------|--------------------|
| <i><u>General Obligation Bonds</u></i>  |                       |                      |                       |                       |                    |
| General Obligation Limited Tax Bonds Series<br>2021A-1(3)   | \$ 8,995,000          | \$ -                 | \$ -                  | \$ 8,995,000          | \$ -               |
| General Obligation Limited Tax Bonds Series<br>2021A-1(3) - Accrued Interest                        | 1,224,400             | 538,009              | -                     | 1,762,409             | -                  |
| Special Assessment Revenue Bonds Series<br>2021A-2  | 21,862,998            | -                    | (789,461)             | 21,073,537            | 5,000              |
| Bond discount - Series 2021A  | (536,886)             | -                    | 43,230                | (493,656)             | -                  |
| General Obligation Limited Tax Capital<br>Appreciation Bonds Series 2022(3)                         | 5,931,151             | -                    | (5,931,151)           | -                     | -                  |
| Series 2022(3) Accreted Interest  | 477,000               | 256,260              | (733,260)             | -                     | -                  |
| General Obligation Limited Tax Refunding and<br>Improvement Bonds Series 2024                       | -                     | 12,618,000           | -                     | 12,618,000            | -                  |
| General Obligation Limited Tax Refunding and<br>Improvement Bonds Series 2025 - Accrued<br>Interest | -                     | 177,005              | -                     | 177,005               | -                  |
| Total   | <u>37,953,663</u>     | <u>13,589,274</u>    | <u>(7,410,642)</u>    | <u>44,132,295</u>     | <u>5,000</u>       |
| <i><u>Other</u></i>   |                       |                      |                       |                       |                    |
| Developer Advance - Section 27  | 258,124               | 93,809               | -                     | 351,933               | -                  |
| Developer accrued interest - Section 27   | <u>26,338</u>         | <u>24,498</u>        | <u>-</u>              | <u>50,836</u>         | <u>-</u>           |
| Total   | 284,462               | 118,307              | -                     | 402,769               | -                  |
|   | <u>\$ 38,238,125</u>  | <u>\$ 13,707,581</u> | <u>\$ (7,410,642)</u> | <u>\$ 44,535,064</u>  | <u>\$ 5,000</u>    |

As of December 31, 2024, the District had remaining voted debt authorization of approximately \$3,561,548,861. The District has not budgeted to issue any additional debt in 2025. Per the Service Plan, the District shall not issue Debt in excess of \$450,000,000 with such general obligation debt limit further currently restricted to \$9,000,000 (the “Shared Canyon Pines GO Debt Limitation”) pursuant to the Master IGA among the Districts. In addition to the Shared Canyon Pines GO Debt Limitation, the District is authorized to issue up to \$12,302,000 in additional general obligation bonds for a total general obligation debt limit of \$21,302,000. As of December 31, 2024, the District has \$392 of authorization remaining under the Service Plan.

# CANYON PINES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Note 5: Intergovernmental Agreements

#### Facilities, Funding, Construction and Operations Agreement

The Districts entered into a Facilities Funding, Construction and Operations Agreement (“FFCO”) on July 26, 2005, as amended on November 28, 2006, December 15, 2009, November 1, 2010 and June 11, 2015, to coordinate the financing, construction, operation and maintenance of the public improvements within the service area of the Districts and to establish the relationship between and respective responsibilities of the Service District and the Financing Districts. The FFCO provides a framework for the equitable allocation over time among the Districts of the costs of administration of the Districts and the costs of financing, constructing, operating and maintaining the public improvements contemplated therein. The Service District is generally responsible for providing the financing, construction, operations and maintenance of certain primary public infrastructure to serve the entire service area. To the extent none of the Financing Districts have elected otherwise, the Service District is also responsible for providing administrative services for the Financing Districts based upon each Financing District’s agreement to pay its proportionate share of costs thereof. The Financing Districts are each generally responsible for financing, constructing, operating and maintaining the public improvements necessary to serve development within their respective boundaries. The FFCO provides a limitation on the issuance of indebtedness by the Districts in the amount of \$450,000,000 of total aggregate debt by all of the Districts. The FFCO is intended to constitute a multiple fiscal year financial obligation of the Districts, and as such, it was submitted to and approved by the electorates of each of the Districts prior to being executed.

On March 24, 2009, the District, Jefferson Center Metropolitan District No. 1 and No. 2, Vauxmont Metropolitan District, Cimarron Metropolitan District and Mountain Shadows Metropolitan District entered into an amendment to the FFCO whereby it elected to perform its own administrative services, effective January 1, 2008.

### Note 6: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

### Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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 limit must be refunded unless the voters approve retention of such revenue.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

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.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital assets used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable, developer advances and accrued developer advance/bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

CANYON PINES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond/loan proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

## CANYON PINES METROPOLITAN DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>REVENUES</b>  |                            |                         |                  |   |
| Property taxes   | \$ 768                     | \$ 768                  | \$ 772           | \$ 4  |
| Specific ownership taxes                                     | 46                         | 46                      | 50               | 4   |
| Interest income  | <u>2,000</u>               | <u>2,300</u>            | <u>2,310</u>     | <u>10</u>                                       |
| Total Revenues   | <u>2,814</u>               | <u>3,114</u>            | <u>3,132</u>     | <u>18</u>                                       |
| <b>EXPENDITURES</b>  |                            |                         |                  |   |
| Bond interest expense  | 2,802                      | -                       | -                | -   |
| Contingency  | -                          | 3,145                   | -                | 3,145   |
| Paying agent fees  | 11,000                     | 11,000                  | 8,000            | 3,000   |
| Treasurer's fees   | <u>12</u>                  | <u>12</u>               | <u>12</u>        | <u>-</u>  |
| Total Expenditures   | <u>13,814</u>              | <u>14,157</u>           | <u>8,012</u>     | <u>6,145</u>                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | (11,000)                   | (11,043)                | (4,880)          | 6,163   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |                  |   |
| Payment to refunding agent                                   | -                          | (7,092,429)             | (7,092,429)      | -   |
| Developer advances   | 11,000                     | 11,000                  | 8,000            | (3,000)   |
| Transfers in (out)   | <u>-</u>                   | <u>7,092,429</u>        | <u>7,092,429</u> | <u>-</u>  |
| Total Other Financing Sources (Uses)                         | <u>11,000</u>              | <u>11,000</u>           | <u>8,000</u>     | <u>(3,000)</u>                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | -                          | (43)                    | 3,120            | 3,163   |
| <b>FUND BALANCE:</b>   |                            |                         |                  |   |
| BEGINNING OF YEAR  | <u>-</u>                   | <u>43</u>               | <u>43</u>        | <u>-</u>  |
| END OF YEAR  | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 3,163</u>  | <u>\$ 3,163</u>                                 |

The notes to the financial statements are an integral part of these statements.

## CANYON PINES METROPOLITAN DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>  |                            |                         |                     |   |
| Interest income  | \$ 200,000                 | \$ 111,000              | \$ 110,163          | \$ (837)  |
| Total Revenues   | <u>200,000</u>             | <u>111,000</u>          | <u>110,163</u>      | <u>(837)</u>                                    |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| Engineering  | 80,000                     | 188,000                 | 187,855             | 145   |
| Legal  | 25,000                     | 25,000                  | 22,994              | 2,006   |
| Bond issuance costs  | -                          | 531,000                 | 530,758             | 242   |
| Capital outlay   | <u>4,686,171</u>           | <u>4,763,571</u>        | <u>2,013,199</u>    | <u>2,750,372</u>                                |
| Total Expenditures   | <u>4,791,171</u>           | <u>5,507,571</u>        | <u>2,754,806</u>    | <u>2,752,765</u>                                |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | (4,591,171)                | (5,396,571)             | (2,644,643)         | 2,751,928                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |                     |   |
| Bond proceeds  | -                          | 12,618,000              | 12,618,000          | -   |
| Transfers in (out)   | <u>-</u>                   | <u>(7,092,429)</u>      | <u>(7,092,429)</u>  | <u>-</u>  |
| Total Other Financing Sources (Uses)                         | <u>-</u>                   | <u>5,525,571</u>        | <u>5,525,571</u>    | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (4,591,171)                | 129,000                 | 2,880,928           | 2,751,928                                       |
| <b>FUND BALANCE:</b>   |                            |                         |                     |   |
| BEGINNING OF YEAR  | <u>4,591,171</u>           | <u>1,526,932</u>        | <u>1,526,932</u>    | <u>-</u>  |
| END OF YEAR  | <u>\$ -</u>                | <u>\$ 1,655,932</u>     | <u>\$ 4,407,860</u> | <u>\$ 2,751,928</u>                             |

The notes to the financial statements are an integral part of these statements.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

CANYON PINES METROPOLITAN DISTRICT

CONTINUING DISCLOSURE ANNUAL  
FINANCIAL INFORMATION

December 31, 2024

(Unaudited)

**History of District's Assessed Valuations, Mill Levies and Property Tax Collections**

| Levy Year | Collection Year | Assessed Valuation | Percent Change | Mill Levies  |              | Taxes Levied | Taxes Collected | Percent Collected |
|-----------|-----------------|--------------------|----------------|--------------|--------------|--------------|-----------------|-------------------|
|           |                 |                    |                | General Fund | Debt Service |              |                 |                   |
| 2015      | 2016            | \$ 3,566           | 0.00%          | 65.000       | 0.000        | \$ 232       | \$ 232          | 100.00%           |
| 2016      | 2017            | 3,566              | 0.00%          | 65.000       | 0.000        | 232          | 232             | 100.00%           |
| 2017      | 2018            | 5,236              | 46.83%         | 65.000       | 0.000        | 340          | 335             | 98.53%            |
| 2018      | 2019            | 5,187              | -0.94%         | 65.000       | 0.000        | 338          | 338             | 100.00%           |
| 2019      | 2020            | 9,136              | 76.13%         | 65.000       | 0.000        | 595          | 595             | 100.00%           |
| 2020      | 2021            | 10,926             | 19.59%         | 65.000       | 0.000        | 710          | 680             | 95.77%            |
| 2021      | 2022            | 8,819              | -19.28%        | 36.664       | 29.000       | 579          | 534             | 92.23%            |
| 2022      | 2023            | 7,294              | -17.29%        | 22.265       | 55.664       | 568          | 569             | 100.18%           |
| 2023      | 2024            | 12,926             | 77.21%         | 23.761       | 59.402       | 1,075        | 1,081           | 100.56%           |
| 2024      | 2025            | 5,156,549          | 39792.84%      | 23.761       | 59.402       | 428,834      |                 |                   |

**Assessed and Actual Valuation of Classes of Property in the District**

| Class             | Assessed Valuation  | Percentage of      |                      | Actual Valuation | Percentage of Total Actual Valuation |
|-------------------|---------------------|--------------------|----------------------|------------------|--------------------------------------|
|                   |                     | Assessed Valuation | Actual Valuation     |                  |                                      |
| Natural Resources | \$ 304              | 0.01%              | \$ 1,090             | 0.01%            |                                      |
| State Assessed    | 96,438              | 1.87%              | 345,656              | 1.87%            |                                      |
| Vacant            | 5,059,807           | 98.12%             | 18,135,625           | 98.12%           |                                      |
| Agricultural      | -                   | 0.00%              | -                    | 0.00%            |                                      |
|                   | <u>\$ 5,156,549</u> | <u>100.00%</u>     | <u>\$ 18,482,371</u> | <u>100.00%</u>   |                                      |