

THE CANYONS METROPOLITAN DISTRICT NO. 7

2025 ANNUAL REPORT

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

For the year ending December 31, 2025, the District make the following report:

§ 32-1-207(3), C.R.S., Statutory Requirements

1. Boundary changes made.

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

2. Intergovernmental Agreements entered into or terminated.

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

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

Rules and Regulations may be accessed by visiting the District’s website at <https://www.canyons7metro.org>.

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

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2025.

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

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

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

The District did not convey any public improvement to the City of Castle Pines during the report year.

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

The 2025 final assessed valuation of the property comprising the District is \$95,593,650.

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

A copy of the 2026 Budget is attached hereto as **Exhibit A**.

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

The 2025 Audit is attached hereto as **Exhibit B**.

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

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

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

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

Service Plan Requirements

To the best of our knowledge, for the year ending December 31, 2025, the District makes the following report:

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

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

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

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

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

The District did not impose any rules and regulations as of December 31, 2025.

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

To our actual knowledge, based on review of the court records in Douglas County, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's Public Improvements as of December 31, 2025.

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

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

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

The District did not convey any public improvement to the City of Castle Pines during the report year.

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

The 2025 final assessed valuation of the property comprising the District is \$95,593,650.

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

The 2026 budget for the District is attached hereto as **Exhibit A**.

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

The 2025 Audit is attached hereto as **Exhibit B**.

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

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

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

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

EXHIBIT A
2026 Budget

The Canyons Metropolitan District No. 7
2026 Budget Property Tax Summary Information
For the Years Ended and Ending December 31,

<i>Modified Accrual Basis</i>	Assessed Value 2024	Assessed Value 2025	Assessed Value 2026
Property Type			
Agricultural	5,800	4,260	2,420
Commercial	484,080	378,120	
Personal			300,920
Real			-
Natural Resources	2,170	2,170	2,100
Residential	54,496,130	65,126,870	78,444,450
State Assessed	606,600		-
Personal		608,800	684,700
Real		3,700	4,200
Vacant Land	16,934,070	15,374,590	16,154,860
Certified Assessed Value	72,528,850	81,498,510	95,593,650
Mill Levy			
General	18.560	5.791	5.719
Debt Service	-	-	-
Total Mill Levy	18.56	5.791	5.719
Property Taxes Levied			
General	1,346,135	471,958	546,700
Debt Service	-	-	-
Total Taxes Levied	1,346,135	471,958	546,700

The Canyons Metropolitan District No. 7
2026 Budget - General Fund
For the Years Ended and Ending December 31,

	2023		Actual		2025	
	Actual	2024 Actual	2025 Budget	9/30/2025	Amended Budget & Estimated	2026 Budget
<i>Modified Accrual Basis</i>						
Beginning Fund Balances	\$ 595,601	\$ 1,120,381	\$ 1,119,370	\$ 1,119,370	\$ 1,119,370	\$ 1,214,540
Revenues						
Property Taxes	803,689	439,366	471,958	470,354	471,958	546,700
Specific Ownership Taxes	74,530	32,930	37,757	24,038	37,757	38,269
SB Backfill	-	39,536	-	-	-	-
Interest Income	54,396	64,202	33,581	29,955	39,940	36,436
Other Revenues	431	2,392	-	3,705	4,000	-
Total Revenues	933,046	578,426	543,296	528,052	553,655	621,405
Total Funds Available	1,528,647	1,698,807	1,662,666	1,647,422	1,673,025	1,835,945
Expenditures						
General and Administrative						
District Management	76,400	147,258	160,000	118,158	168,000	182,000
Accounting	68,325	14,844	18,000	9,814	13,564	15,600
Audit	5,200	5,500	7,500	6,600	7,500	7,500
Legal Services	43,885	59,134	45,000	21,488	45,000	45,000
Election	4,563	-	10,000	4,005	4,005	-
Engineering	-	-	15,000	-	15,000	15,000
Insurance	7,227	7,996	7,996	9,032	9,032	9,500
County Treasurer's Fee	12,062	7,188	7,079	7,059	7,079	8,201
Dues and Memberships	445	541	600	533	533	560
Office	-	7,767	10,000	4,893	6,250	7,500
Website	600	1,800	10,000	1,400	3,000	1,200
Reserve Study	-	-	-	-	-	-
Developer Repayment	-	284,002	-	-	-	-
Contingency	9,103	1,003	7,500	-	7,500	7,500
Total Expenditures	227,810	537,033	298,675	182,982	286,463	299,561
Transfers Out						
Transfer to Special Fund	130,456	-	-	25,000	30,000	50,000
Transfer to Capital Projects Fund	-	12,404	-	92,491	92,022	-
Transfer to Capital Repair Fund	50,000	30,000	50,000	-	50,000	50,000
Total Transfers	180,456	42,404	50,000	117,491	172,022	100,000
Total Expenditures and Transfers Requiring Appropriation	408,266	579,437	348,675	300,473	458,485	399,561
Excess Revenues (Expenditures)	524,780	(1,011)	194,621	227,579	95,170	221,844
Ending Fund Balance	<u>\$ 1,120,381</u>	<u>\$ 1,119,370</u>	<u>\$ 1,313,991</u>	<u>\$ 1,346,949</u>	<u>\$ 1,214,540</u>	<u>\$ 1,436,384</u>
Emergency Reserve	\$ 28,000	\$ 17,400	\$ 16,300	\$ 15,900	\$ 16,700	\$ 18,700
Total Reserve	<u>\$ 28,000</u>	<u>\$ 17,400</u>	<u>\$ 16,300</u>	<u>\$ 15,900</u>	<u>\$ 16,700</u>	<u>\$ 18,700</u>

The Canyons Metropolitan District No. 7
2026 Budget - Special Fund
For the Years Ended and Ending December 31,

	2023	2024	2025	9/30/2025	2025	2026
<i>Modified Accrual Basis</i>	Actual	Actual	Budget	Actual	Estimated Actual	Budget
Beginning Fund Balances	\$ -	\$ 7,551	\$ 224,151	\$ 321,048	\$ 321,048	\$ 522,322
Revenues						
Operations & Maintenance Fees	337,185	373,450	432,000	309,840	410,000	479,520
Penalties and Fees	8,985	39,815	-	9,439	9,500	-
Interest Income	762	1,646	6,725	2,614	4,500	15,670
City Reimbursement	-	568,208	-	127,711	589,695	-
Total Revenues	346,932	983,119	438,725	449,604	1,013,695	495,190
Transfers In	130,456	-	-	25,000	30,000	50,000
Total Funds Available	477,388	990,670	662,876	795,652	1,364,743	1,067,512
Expenditures						
Grounds Maintenance						
Landscape Contract	250,139	298,513	90,000	145,099	206,000	200,000
Landscape Projects	-	460	7,500	7,125	12,500	7,500
Repairs and Maintenance	22,115	8,371	40,000	60,595	70,000	40,000
Trails	-	1,075	10,000	5,080	10,000	15,000
Snow Removal	29,740	46,523	30,000	36,375	72,750	30,000
Sprinkler System Repair	13,387	-	7,500	3,822	7,500	20,000
Fence Maintenance	-	30,000	65,000	28,518	65,000	20,000
Retaining Walls	-	-	75,000	-	75,000	75,000
Parks - Playground Equipment	-	-	1,250	5,129	-	-
Holiday Lighting	4,500	4,500	15,000	-	15,000	10,000
Electricity	921	4,886	500	4,097	6,000	5,000
Water	147,991	257,231	40,000	236,014	280,000	80,000
Collection Expenses	-	18,063	-	5,753	7,671	8,000
Contingency	1,044	-	15,000	-	15,000	15,000
Total Expenditures	469,837	669,622	396,750	537,607	842,421	525,500
Total Expenditures Requiring Appropriation	469,837	669,622	396,750	537,607	842,421	525,500
Excess Revenues (Expenditures)	7,551	313,497	41,975	(63,003)	201,274	19,690
Ending Fund Balance	<u>\$ 7,551</u>	<u>\$ 321,048</u>	<u>\$ 266,126</u>	<u>\$ 258,045</u>	<u>\$ 522,322</u>	<u>\$ 542,012</u>
Emergency Reserve	<u>\$ 10,500</u>	<u>\$ 29,500</u>	<u>\$ 13,200</u>	<u>\$ 13,500</u>	<u>\$ 30,500</u>	<u>\$ 14,900</u>
Total Reserve	<u>\$ 10,500</u>	<u>\$ 29,500</u>	<u>\$ 13,200</u>	<u>\$ 13,500</u>	<u>\$ 30,500</u>	<u>\$ 14,900</u>

The Canyons Metropolitan District No. 7
2026 Budget - Capital Repair Fund
For the Years Ended and Ending December 31,

	2023		2025	9/30/2025	2025	2026
<i>Modified Accrual Basis</i>	Actual	2024 Actual	Budget	Actual	Estimated Actual	Budget
Beginning Fund Balances	\$ -	\$ 51,425	\$ 84,218	\$ 84,218	\$ 84,218	\$ 86,291
Revenues						
Interest Income	1,425	2,793	3,369	1,555	2,073	2,589
Other Revenues	-	-	-	-	-	-
Total Revenues	1,425	2,793	3,369	1,555	2,073	2,589
Transfers In	50,000	30,000	50,000	-	50,000	50,000
Total Funds Available	51,425	84,218	137,587	85,773	136,291	138,880
Expenditures						
Repairs and Maintenance						
Repairs and Maintenance	-	-	50,000	-	50,000	-
Contingency	-	-	-	-	-	-
Total Expenditures	-	-	50,000	-	50,000	-
Total Expenditures Requiring Appropriation	-	-	50,000	-	50,000	-
Excess Revenues (Expenditures)	51,425	32,793	3,369	1,555	2,073	52,589
Ending Fund Balance	\$ 51,425	\$ 84,218	\$ 87,587	\$ 85,773	\$ 86,291	\$ 138,880

THE CANYONS METROPOLITAN DISTRICT NO. 7
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

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

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

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

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

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

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

THE CANYONS METROPOLITAN DISTRICT NO. 7
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues

Property Taxes

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

Levy Adjustment

Pursuant to the Consolidated Service Plan, as amended, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills. Pursuant to the Master Reimbursement Agreement, the District is currently allotted 5.000 operating mills. This limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result. As a result of changes in calculating assessed valuation, the District's levy has been adjusted to 5.719 mills.

The calculation of the taxes levied is displayed on the property tax page of the Budget.

For property tax collection year 2025, SB24-233 and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			Oil & Gas Production	87.50%

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

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing with the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3%.

Operations and Maintenance Fees

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

Expenditures

County Treasurer's Fees

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

Administrative Expenditures

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

Operating Expenditures

Operating Expenditures have been budgeted in the District's Special fund to include landscape maintenance, fence maintenance, and other costs associated with the upkeep of District owned improvements.

Capital Outlay

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

Debt and Leases

As of December 31, 2025, the District has no outstanding debt, nor any operating or capital leases.

Emergency Reserves

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

This information is an integral part of the accompanying budget.

EXHIBIT B
2025 Audit

**THE CANYONS METROPOLITAN
DISTRICT NO. 7
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**THE CANYONS METROPOLITAN DISTRICT NO. 7
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	i
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
CAPITAL REPAIR FUND-SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	24
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	26



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Canyons Metropolitan District No. 7
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Canyons Metropolitan District No. 7 (the District), as of and for the year ended December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Fund 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. 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, 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The Other 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 other information, and we do not express an opinion or any form of assurance thereon.

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

Dussio & Associates, P.C.

July 21, 2026

BASIC FINANCIAL STATEMENTS

See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
Assets	
Cash and Investments	\$ 1,481,783
Cash and Investments - Restricted	54,000
Accounts Receivable	8,856
Receivable from County Treasurer	3,038
Due from Other Governments	623,200
Prepaid Expenses	11,723
Property Taxes Receivable	546,700
Capital Assets not being depreciated	20,451,210
Capital Assets (net)	573,882
Total Assets	<u>23,754,392</u>
Liabilities	
Accounts Payable	55,224
Prepaid Operations & Maintenance Fees	21,896
Total Liabilities	<u>77,120</u>
Deferred Inflows of Resources	
Deferred Property Tax Revenue	546,700
Total Deferred Inflows of Resources	<u>546,700</u>
Net Position	
Net Investment in Capital Assets	980,760
Restricted for:	
Emergency Reserves	54,000
Unrestricted	22,095,812
Total Net Position	<u>\$ 23,130,572</u>

See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

					Net Revenues (Expenses) and Change in Net Position
			Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary Government					
Government Activities					
General Government	\$ 1,138,287	\$ 439,725	\$ 750,911	\$ -	\$ 52,349
Total Governmental Activities	<u>\$ 1,138,287</u>	<u>\$ 439,725</u>	<u>\$ 750,911</u>	<u>\$ -</u>	<u>52,349</u>
General Revenues					
Property Taxes					471,875
Specific Ownership Taxes					36,326
Interest on Late Tax Payments					354
Net Investment Income					<u>62,060</u>
Total General Revenues					<u>570,615</u>
Change in Net Position					622,964
Net Position - Beginning of Year					22,507,608
Net Position - End of Year					<u>\$ 23,130,572</u>

See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
BALANCE SHEET –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Capital Projects	Capital Repair Fund	Total Governmental Funds
Assets					
Cash and Investments	\$ 1,242,432	\$ 103,110	\$ 468	\$ 135,773	\$ 1,481,783
Cash and Investments - Restricted	18,000	36,000	-	-	54,000
Accounts Receivable	745	8,111	-	-	8,856
Due from Other Governments	-	623,200	-	-	623,200
Receivable from County Treasurer	3,038	-	-	-	3,038
Prepaid Insurance	11,723	-	-	-	11,723
Property Taxes Receivable	546,700	-	-	-	546,700
Total Assets	<u>\$ 1,822,638</u>	<u>\$ 770,421</u>	<u>\$ 468</u>	<u>\$ 135,773</u>	<u>\$ 2,729,300</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payables	\$ 10,825	\$ 44,399	\$ -	\$ -	\$ 55,224
Prepaid Operations and Maintenance Fees	-	21,896	-	-	21,896
Total Liabilities	<u>10,825</u>	<u>66,295</u>	<u>-</u>	<u>-</u>	<u>77,120</u>
Deferred Inflows of Resources					
Unavailable Property Taxes	546,700	-	-	-	546,700
Total Deferred Inflows of Resources	<u>546,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,700</u>
Fund Balances					
Nonspendable	11,723	-	-	-	11,723
Restricted for:					
Emergency Reserves	18,000	36,000	-	-	54,000
Committed	-	668,126	-	-	668,126
Assigned - Capital Improvements and Repairs	-	-	468	135,773	136,241
Unassigned	1,235,390	-	-	-	1,235,390
Total Fund Balances	<u>1,265,113</u>	<u>704,126</u>	<u>468</u>	<u>135,773</u>	<u>2,105,480</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,822,638</u>	<u>\$ 770,421</u>	<u>\$ 468</u>	<u>\$ 135,773</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets used in governmental activities are not financings resources and; therefore, are not reported as assets in the funds.

Land	406,878
Construction in Progress	20,044,332
Capital Assets, net	<u>573,882</u>

Net Position of Governmental Activities	<u>\$ 23,130,572</u>
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See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Capital Projects	Capital Repair Fund	Total Governmental Funds
Revenues					
Property Taxes	\$ 471,875	\$ -	\$ -	\$ -	\$ 471,875
Specific Ownership Taxes	36,326	-	-	-	36,326
Interest on Late Tax Payments	354	-	-	-	354
Net Investment Income	57,880	2,624	1	1,555	62,060
Operations and Maintenance Fees	-	418,470	-	-	418,470
Reimbursed Expenses	-	750,911	-	-	750,911
Other Revenues	5,725	15,530	-	-	21,255
Total Revenues	572,160	1,187,535	1	1,555	1,761,251
Expenditures					
General and Administrative					
Management	165,221	-	-	-	165,221
Accounting and Audit	20,164	-	-	-	20,164
Legal Services	48,979	-	-	-	48,979
Insurance	9,032	-	-	-	9,032
Dues and Memberships	533	-	-	-	533
Website	1,700	-	-	-	1,700
Treasurer's Fee	7,084	-	-	-	7,084
Other Expenditures	6,213	7,485	-	-	13,698
Operations and Maintenance					
Utilities	-	288,683	-	-	288,683
Landscaping	-	275,617	-	-	275,617
Snow Removal	-	44,461	-	-	44,461
Other Repairs and Maintenance	-	213,212	-	-	213,212
Total Expenditures	258,926	829,458	-	-	1,088,384
Excess of Revenues Over (Under)					
Expenditures	313,234	358,077	1	1,555	672,867
Other Financing Sources (Uses)					
Transfers from Other Funds	-	25,000	92,491	50,000	167,491
Transfers to Other Funds	(167,491)	-	-	-	(167,491)
Total Other Financing Sources (Uses)	(167,491)	25,000	92,491	50,000	-
Net Change in Fund Balances	145,743	383,077	92,492	51,555	672,867
Fund Balances - Beginning of Year	1,119,370	321,049	(92,024)	84,218	1,432,613
Fund Balances - End of Year	\$ 1,265,113	\$ 704,126	\$ 468	\$ 135,773	\$ 2,105,480

See accompanying Notes to Basic Financial Statements

**THE CANYONS METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	672,867
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation Expense		(49,903)
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Changes in Net Position - Governmental Activities	\$	<u>622,964</u>
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THE CANYONS METROPOLITAN DISTRICT NO. 7
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property Tax	\$ 471,958	\$ 471,958	\$ 471,875	\$ (83)
Specific Ownership Tax	37,757	37,757	36,326	(1,431)
Interest on Late Tax Payments	-	-	354	354
Net Investment Income	33,062	39,940	57,880	17,940
Other Revenues	-	4,000	5,725	1,725
Total Revenues	<u>542,777</u>	<u>553,655</u>	<u>572,160</u>	<u>18,505</u>
Expenditures				
Management	160,000	168,000	165,221	2,779
Accounting & Audit	18,000	13,564	13,564	-
Audit	7,500	7,500	6,600	900
Legal Services	45,000	45,000	44,974	26
Election	10,000	4,005	4,005	-
Engineering	15,000	15,000	-	15,000
Insurance	7,996	9,032	9,032	-
Dues and Memberships	600	533	533	-
Office	10,000	6,250	4,967	1,283
Website	10,000	3,000	1,700	1,300
Treasurer's Fee	7,079	7,079	7,084	(5)
Collection Expenses	-	-	1,246	(1,246)
Contingency	7,500	7,500	-	7,500
Total Expenditures	<u>298,675</u>	<u>286,463</u>	<u>258,926</u>	<u>27,537</u>
Excess of Revenues Over (Under)				
Expenditures	244,102	267,192	313,234	46,042
Other Financing Sources (Uses)				
Transfers to other Funds	<u>(50,000)</u>	<u>(172,022)</u>	<u>(167,491)</u>	<u>4,531</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(172,022)</u>	<u>(167,491)</u>	<u>4,531</u>
Net Change in Fund Balances	194,102	95,170	145,743	50,573
Fund Balances - Beginning of Year	<u>1,102,050</u>	<u>1,119,370</u>	<u>1,119,370</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,296,152</u>	<u>\$ 1,214,540</u>	<u>\$ 1,265,113</u>	<u>\$ 50,573</u>

See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
SPECIAL REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Operations and Maintenance Fees	\$ 432,000	\$ 410,000	\$ 418,470	\$ 8,470
Late and Collection Fees	-	9,500	15,530	6,030
Reimbursement from City	-	589,695	750,911	161,216
Net Investment Income	6,725	4,500	2,624	(1,876)
Total Revenues	438,725	1,013,695	1,187,535	173,840
Expenditures				
Landscaping	90,000	206,000	275,617	(69,617)
Landscape Projects	7,500	12,500	8,006	4,494
Repairs and Maintenance	40,000	70,000	148,864	(78,864)
Trails	10,000	10,000	11,790	(1,790)
Snow Removal	30,000	72,750	44,461	28,289
Sprinkler System Repair	7,500	7,500	4,527	2,973
Fence Maintenance	65,000	65,000	28,865	36,135
Retainage Walls	75,000	75,000	-	75,000
Parks - Playground Equipment	1,250	-	6,660	(6,660)
Holiday Lighting	15,000	15,000	4,500	10,500
Electricity	500	6,000	6,588	(588)
Water	40,000	280,000	282,095	(2,095)
Collection Expenses	-	7,671	7,485	186
Contingency	15,000	15,000	-	15,000
Total Expenditures	396,750	842,421	829,458	12,963
Excess of Revenues Over (Under)				
Expenditures	41,975	171,274	358,077	186,803
Other Financing Sources (Uses)				
Transfers from other Funds	-	30,000	25,000	(5,000)
Total Other Financing Sources (Uses)	-	30,000	25,000	(5,000)
Net Change in Fund Balances	41,975	201,274	383,077	181,803
Fund Balances - Beginning of Year	224,151	321,048	321,049	1
Fund Balances - End of Year	<u>\$ 266,126</u>	<u>\$ 522,322</u>	<u>\$ 704,126</u>	<u>\$ 181,804</u>

See accompanying Notes to Basic Financial Statements

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

The Canyons Metropolitan District No. 7 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court of Douglas County, Colorado on June 4, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the City of Castle Pines North (the City) in Douglas County, Colorado on October 22, 2009, as amended by a First Amendment thereto approved by the City on December 8, 2015 and by a Second Amendment thereto approved by the City on December 10, 2019 (collectively, the Service Plan). The District operates in connection with Districts Nos. 1 – 6 and 8 – 11.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, relocation, redevelopment, and completion of public improvements, covenant enforcement services, and planning services, including water, sanitation, streets, security services, park and recreation, public transportation, traffic and safety, limited fire protection, limited television relay and translation, and mosquito control.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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 District has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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.

Separate financial statements are provided for the governmental funds. 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 related cash flows.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for revenues earned and expenditures incurred with the Operations and Maintenance fees that are imposed by the District to offset the costs of landscaping, monumentation, bridge cover, etc.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital improvements.

The Capital Repair Fund is used to account for financial resources to be used for major repairs to District held public improvements.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. 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 District has amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported 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. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

All assets of the District are anticipated to be conveyed to other governmental entities. Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets, a component of the District's net position.

**THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation expense has been computed using the straight-line method over the estimated useful lives:

Landscape Improvements

15 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, both items, *deferred property tax revenue and prepaid operations and maintenance fees*, are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvements of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component.

Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

Unrestricted – the component of net position that does not meet the definitions above.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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 – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,481,783
Cash and Investments - Restricted	<u>54,000</u>
Total Cash and Investments	<u>\$ 1,535,783</u>

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	\$ 31,713
Investments	<u>1,504,070</u>
Total Cash and Investments	<u>\$ 1,535,783</u>

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

As of December 31, 2025, the District's cash deposits had a bank balance of \$127,619 and a carrying balance of \$31,713.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2025, the District has the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,504,070

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST Prime and COLOTRUST Plus+ are rated AAAm by Standard & Poor's. COLOTRUST Edge is rated AAaf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District holds all its investments in the COLOTRUST PLUS+ portfolio.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Governmental Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 20,044,332	\$ -	\$ -	\$ 20,044,332
Land	406,878	-	-	406,878
Total Capital Assets, Not Being Depreciated	20,451,210	-	-	20,451,210
Capital Assets, Being Depreciated:				
Landscape Improvements	748,542	-	-	748,542
Less Accumulated Depreciation for:				
Landscape Improvements - 15 year	(124,757)	(49,903)	-	(174,660)
Total Accumulated Depreciation	(124,757)	(49,903)	-	(174,660)
Total Capital Assets, being Depreciated, Net	623,785	(49,903)	-	573,882
Governmental Activities Capital Assets, Net	<u>\$ 21,074,995</u>	<u>\$ (49,903)</u>	<u>\$ -</u>	<u>\$ 21,025,092</u>

NOTE 5 LONG-TERM OBLIGATIONS

The detail of the District's long-term obligation is as follows:

Operations Funding and Reimbursement Agreement

The District and Shea Canyons (Master Builder) entered into a Funding and Reimbursement Agreement (Operations and Maintenance) on November 14, 2016 as amended on November 11, 2020 (as amended, the Operations Funding Agreement) whereby the Master Builder agreed to loan moneys to the District for the purpose of covering revenue shortfalls with respect to operation and maintenance expenses of the District.

Under the Operations Funding Agreement, the Master Builder agrees to loan the District one or more sums of money as requested by the District for the costs incurred or to be incurred by the District. Interest accrues at a rate of 5%, plus the Municipal Market Data (MMD) BAA 30-year index, simple interest, annually. The funds are to be loaned to the District in a series of installments and are to be available to the District through December 31, 2022 (the O&M Loan Obligation Termination Date).

**THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Operations Funding and Reimbursement Agreement (Continued)

Thereafter, the Master Builder may agree to renew its agreement on an annual basis by providing written notice to the District, in which case, the O&M Loan Obligation Termination Date will be amended to the date provided but not earlier than December 31 of the succeeding year. After 40 years from the execution of this Agreement, the Parties hereby agree and acknowledge that any obligation which remains due and outstanding, including accrued interest, is forgiven in its entirety, generally and conditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by the Master Builder and there shall be no further obligation of the District to pay or reimburse the Master Builder.

As of December 31, 2025, the District had no principal or interest outstanding under this Agreement.

Authorized Debt

At December 31, 2025, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized May 4, 2010	Amount Authorized November 4, 2014	Authorized But Unissued
Streets	\$ 100,000,000	\$ 226,000,000	\$ 326,000,000
Water	100,000,000	226,000,000	326,000,000
Sanitation	100,000,000	226,000,000	326,000,000
Parks and Recreation	100,000,000	226,000,000	326,000,000
Public Transportation	100,000,000	226,000,000	326,000,000
Television Relay	100,000,000	226,000,000	326,000,000
Mosquito Control	100,000,000	226,000,000	326,000,000
Security Services	100,000,000	226,000,000	326,000,000
Traffic and Safety	100,000,000	226,000,000	326,000,000
Fire Protection	-	226,000,000	226,000,000
Operations and Maintenance	100,000,000	226,000,000	326,000,000
Refundings	100,000,000	226,000,000	326,000,000
Intergovernmental Agreements	100,000,000	226,000,000	326,000,000
Private Agreements	100,000,000	226,000,000	326,000,000
Special Assessment Indebtedness	-	226,000,000	226,000,000
Total	<u>\$ 1,300,000,000</u>	<u>\$ 3,390,000,000</u>	<u>\$ 4,690,000,000</u>

Pursuant to the Amended and Restated Service Plan, the aggregate debt limit is \$226,000,000 for all of the Canyons Metropolitan District Nos. 2 – 11 combined, exclusive of refundings.

Pursuant to the Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills of which the District imposed 5.791 mills for operations for collection in 2025. The limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted are neither diminished nor enhanced as a result.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital Assets, restricted and unrestricted.

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had restricted net position as of December 31, 2025, as follows:

Restricted Net Position	
Emergency Reserves	\$ 54,000
Total Restricted Net Position	<u>\$ 54,000</u>

NOTE 7 RELATED PARTIES

The Original landowner of the property which constitutes the District is North Canyons, LLLP. During 2016, the Original landowner in connection with Oread Canyons, LLC (Oread), sold property to the Master Builder who will serve as Developer of the first phase of development for the project. The majority members of the Board of Directors are employees, owners or otherwise associated with the Master Builder and may have conflicts of interest in dealing with the District.

NOTE 8 DISTRICT AGREEMENTS

Capital Contribution Agreement

The District and the Master Builder entered into a Contribution Agreement (the Capital) on December 20, 2016 as amended and restated on June 9, 2017 (Contribution Agreement), whereby the Master Builder agreed to contribute funding to the District in order to finance the completion of the Public Improvements. The Contribution Funds shall be used by the District for the sole purpose of financing the Public Improvements. The District and the Master Builder agree and acknowledge that there shall be, under no circumstance, any obligation, present or future, of the District to pay or reimburse the Master Builder with respect to the Contribution Funds it receives to fund the Construction Contract the Public Improvements. The Master Builder is the construction manager and oversees the construction of the Public Improvements. All Contribution Funds received by the District shall be deemed to be a contribution in their entirety. During 2025, the District received no capital contributions.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 8 DISTRICT AGREEMENTS (CONTINUED)

Master Reimbursement Agreement

The District entered into a Master Reimbursement Agreement (the Agreement), dated December 29, 2015, with The Canyons Metropolitan District No. 5 (District No. 5) and The Canyons Metropolitan District No. 6 (District No. 6), North Canyons, LLLP (Original Landowner), the Master Builder, and Oread Canyons, LLC (Oread), a Colorado limited liability company. Pursuant to the Agreement, District No. 5 and District No. 6 will reimburse the Original Landowner and Oread, respectively, for the costs of the District-Eligible Public Improvements, which are to be constructed by the Master Builder or its assignee, all as more particularly described in the Agreement. The District will own, operate, and maintain all District-Eligible Public Improvements within its boundaries that are not dedicated to any other public entity.

The Master Reimbursement Agreement was amended October 9, 2024. Under the Amended Agreement, District No. 5 and District No. 6 consolidated all obligations of the Districts into a single Canyons District (District No. 5) in anticipation of the dissolution of District No. 6.

The Service Plan established a combined mill levy limitation (applicable to both debt service and operation and maintenance mill levies imposed by the Districts) of 69.000 mills (subject to adjustment). District No. 5 shall be entitled to impose 50.000 mills (subject to adjustment). The District shall be entitled to impose, for the payment or reimbursement of administrative, operation and maintenance expenses 19.000 mills (subject to adjustment) less the number of mills imposed by District No. 5 for the payment or reimbursement of administrative, operation and maintenance expenses, (which is not to exceed 2.000 mills subject to adjustment).

The District imposed 5.791 mills, collectible in 2025, for operations as adjusted for changes in the residential assessment ratio. See Note 12.

The Agreement also sets forth the procedures for submittal, review, certification, and acceptance of the costs of Public Improvements constructed by the District and the Master Builder.

Intergovernmental Agreement with the City

As contemplated by the Service Plan, the Canyons Districts (being District Nos. 1 – 11) and the City entered into an Intergovernmental Agreement for The Canyons Metropolitan District Nos. 1 – 11, dated as of December 6, 2010, as amended pursuant to a First Amendment thereto dated December 11, 2015 (as so amended, the City IGA), which, among other things, recites the limitations on the Canyons Districts' provision of services and exercise of powers as set forth in the Service Plan.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 8 DISTRICT AGREEMENTS (CONTINUED)

Intergovernmental Agreement with the City (Continued)

In addition to the limitations contained in the Service Plan, the City IGA specifies that completed Public Improvements are to be dedicated to the City, Parker Water and Sanitation District (Parker Water), or other appropriate governmental entities. The Canyons Districts are authorized to undertake and coordinate any operational requirements for Public Improvements that will not ultimately be conveyed to the City, Parker Water, or other governmental entity and may also operate and maintain Public Improvements that are pending final acceptance by the City.

Upon acceptance by the City, Parker Water, or other appropriate governmental entity, none of the Canyons Districts are authorized to operate or maintain such Public Improvements unless authorized under separate intergovernmental agreement with the City, Parker Water, or such other governmental entity, respectively. The Canyons Districts are specifically authorized to own, operate, and maintain park and recreation improvements and landscaped or open space parcels. The City IGA also specifies that none of the Canyons Districts are authorized to engage in the provision of any television relay and translation facilities or services and, subject to certain exceptions for improvements comprising a portion of the water system improvements, shall not be authorized to provide fire protection facilities or services.

NOTE 9 INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Special Revenue Fund was the result of supplementing revenues to fund operating expenditures incurred during the year.

The transfer from the General Fund to the Capital Projects Fund was the result of tax revenues used to design, construct, and install public improvements. The transfer to the Capital Repair fund was the result of reserving tax revenues for major repairs to public improvements.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, workers' compensation, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's 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 limits must be refunded unless the voters approve retention of such revenue.

On May 4, 2010 and November 4, 2014, the District voters passed an election question to increase property taxes \$100,000,000 annually as adjusted for inflation, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue without regard to any limitations under TABOR.

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.

Section 29-1-1702, C.R.S, contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating property tax revenue is limited to a 5.25% (10.5% increase over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S; however, this section of the C.R.S is complex and subject to interpretation.

THE CANYONS METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 12 MANAGEMENTS EVALUATION OF SUBSEQUENT EVENTS

In 2024, the City approached the District and requested that the District allow the City to impose a 12.000 mill Parks Property Tax Mill Levy and the District reduce its operations mill levy, such that there is no net increase in the aggregate mill levies imposed by the District and the City. The City collected the 12.000 Parks Property Tax Mill Levy in 2024 and the District reduced its Operations Mill Levy accordingly. The City has not fully accepted the Parks. As a result, the District continues to maintain the Parks at its cost. The District and the City have been in negotiations to enter into an intergovernmental agreement whereby the City will reimburse the District for the costs of maintaining the Parks incurred beginning in 2024 through the date of execution of the intergovernmental agreement regarding the ownership, operations and maintenance of the parks. The City owed the District \$623,200 on December 31, 2025 and owed the District an additional \$218,455 as of May 31, 2026. The District has been reimbursed \$623,200 of the requested reimbursements as of June 30, 2026.

SUPPLEMENTARY INFORMATION

THE CANYONS METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND-
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Reimbursed Expenses	\$ -	\$ -	\$ -
Net Investment Income	-	1	1
Total Revenues	-	1	1
Expenditures			
Accounting	-	-	-
Legal Services	-	-	-
Superblock Infrastructure - Phase 2	-	-	-
Newlin Gulch Vegetation	-	-	-
Contingency	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over (Under)			
Expenditures	-	1	1
Other Financing Sources (Uses)			
Transfers from Other Funds	-	92,491	92,491
Total Other Financing Sources (Uses)	-	92,491	92,491
Net Change in Fund Balances	-	92,492	92,492
Fund Balances - Beginning of Year	-	(92,024)	(92,024)
Fund Balances - End of Year	\$ -	\$ 468	\$ 468

THE CANYONS METROPOLITAN DISTRICT NO. 7
CAPITAL REPAIR FUND-
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Net Investment Income	\$ 3,370	\$ 1,555	\$ (1,815)
Total Revenues	3,370	1,555	(1,815)
Expenditures			
Repairs and Maintenance	50,000	-	50,000
Total Expenditures	50,000	-	50,000
Excess of Revenues Over (Under)			
Expenditures	(46,630)	1,555	48,185
Other Financing Sources (Uses)			
Transfer in from Operating	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	-
Net Change in Fund Balances	3,370	51,555	48,185
Fund Balances - Beginning of Year	84,262	84,218	(44)
Fund Balances - End of Year	<u>\$ 87,632</u>	<u>\$ 135,773</u>	<u>\$ 48,141</u>

OTHER INFORMATION

THE CANYONS METROPOLITAN DISTRICT NO. 7
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
YEAR ENDED DECEMBER 31, 2025

Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied	
		General	Debt Service	Levied	Collected		
2017	\$ 11,070	17.000	0.000	\$ 188	\$ 188	100.00	%
2018	13,190	17.000	0.000	224	224	100.00	
2019	13,320	17.000	0.000	226	226	100.00	
2020	8,754,860	18.925	0.000	165,686	165,686	100.00	
2021	18,434,080	18.925	0.000	348,865	348,866	100.00	
2022	30,777,160	18.925	0.000	582,458	581,620	99.86	
2023	43,302,190	18.560	0.000	803,689	803,689	100.00	
2024	72,498,850	6.064	0.000	439,633	439,366	99.94	
2025	81,498,510	5.791	0.000	471,958	471,875	99.98	
Estimated for Year Ending, December 31, 2026	\$ 95,593,650	5.719	0.000	\$ 546,700			

Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.