

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
Larimer County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

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YEAR ENDED DECEMBER 31, 2024**

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Independent Auditors' Report

To the Board of Directors
The Brands East Metropolitan District No. 4

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Brands East Metropolitan District No. 4 (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 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 Brands East Metropolitan District No. 4, as of December 31, 2024, and the respective changes in financial position, and the budgetary comparison for the General 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Brands East Metropolitan District No. 4 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Brands East Metropolitan District No. 4'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.

Auditors' 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 auditors' report that includes our opinion. 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 Brands East Metropolitan District No. 4'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 Brands East Metropolitan District No. 4'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 the 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.

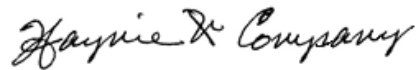
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Brands East Metropolitan District No. 4's basic financial statements. The supplementary information section 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. Such 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 and continuing disclosure annual financial information, as listed in the table of contents, does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and continuing disclosure annual financial 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.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
July 29, 2025

BASIC FINANCIAL STATEMENTS

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 60
Cash and Investments - Restricted	94,754
Due from District No. 1	331,357
Due from District No. 2	31,329
Due from District No. 3	416,464
Due from Brands MD No. 4	449
Receivable from County Treasurer	1,073
Property Tax Receivable	182,591
Total Assets	<u>1,058,077</u>
LIABILITIES	
Due to District No. 1	10
Accrued Interest Payable	23,650
Noncurrent Liabilities:	
Due Within One Year	302,000
Due in More Than One Year	5,736,423
Total Liabilities	<u>6,062,083</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	182,591
Total Deferred Inflows of Resources	<u>182,591</u>
NET POSITION	
Restricted for:	
Debt Service	848,568
Unrestricted	<u>(6,035,165)</u>
Total Net Position	<u><u>\$ (5,186,597)</u></u>

See accompanying Notes to Basic Financial Statements.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 3,711	\$ -	\$ -	\$ -	\$ (3,711)
Interest on Long-Term Debt and Related Costs	297,341	-	-	586,705	289,364
	<u>297,341</u>	<u>-</u>	<u>-</u>	<u>586,705</u>	<u>289,364</u>
Total Governmental Activities	<u>\$ 301,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,705</u>	285,653
GENERAL REVENUES					
Property Taxes					182,840
Specific Ownership Taxes					12,401
Interest Income					7,206
Total General Revenues					<u>202,447</u>
CHANGES IN NET POSITION					488,100
Net Position - Beginning of Year					<u>(5,674,697)</u>
NET POSITION - END OF YEAR					<u>\$ (5,186,597)</u>

See accompanying Notes to Basic Financial Statements.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 60	\$ -	\$ -	\$ 60
Cash and Investments - Restricted	-	91,546	3,208	94,754
Receivable from County Treasurer	-	1,073	-	1,073
Due from District No. 1	-	331,357	-	331,357
Due from District No. 2	-	31,329	-	31,329
Due from District No. 3	-	416,464	-	416,464
Due from Brands MD No. 4	-	449	-	449
Property Tax Receivable	-	182,591	-	182,591
	<u>60</u>	<u>1,054,809</u>	<u>3,208</u>	<u>1,058,077</u>
Total Assets	<u>\$ 60</u>	<u>\$ 1,054,809</u>	<u>\$ 3,208</u>	<u>\$ 1,058,077</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to District No. 1	10	-	-	10
Total Liabilities	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	-	182,591	-	182,591
Total Deferred Inflows of Resources	<u>-</u>	<u>182,591</u>	<u>-</u>	<u>182,591</u>
FUND BALANCES				
Restricted for:				
Debt Service	-	872,218	-	872,218
Unassigned	50	-	3,208	3,258
Total Fund Balances	<u>50</u>	<u>872,218</u>	<u>3,208</u>	<u>875,476</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 60</u>	<u>\$ 1,054,809</u>	<u>\$ 3,208</u>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(23,650)
Loan Payable - Series 2023	<u>(6,038,423)</u>

Net Position of Governmental Activities	<u>\$ (5,186,597)</u>
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See accompanying Notes to Basic Financial Statements.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ -	\$ 182,840	\$ -	\$ 182,840
Specific Ownership Taxes	-	12,401	-	12,401
Interest Income	-	7,193	13	7,206
Transfers from District No. 1	-	106,010	-	106,010
Transfers from District No. 2	-	32,105	-	32,105
Transfers from District No. 3	-	448,590	-	448,590
Total Revenues	-	789,139	13	789,152
EXPENDITURES				
Current:				
County Treasurer's Fee	-	3,701	-	3,701
Miscellaneous	-	10	-	10
Debt Service:				
Loan Interest - Series 2023	-	272,802	-	272,802
Loan Principal - Series 2023	-	1,577	-	1,577
Cost of Issuance	-	8,336	-	8,336
Total Expenditures	-	286,426	-	286,426
EXCESS OF REVENUES OVER EXPENDITURES	-	502,713	13	502,726
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	(10)	10	-
Total Other Financing Sources (Uses)	-	(10)	10	-
NET CHANGE IN FUND BALANCES	-	502,703	23	502,726
Fund Balances - Beginning of Year	50	369,515	3,185	372,750
FUND BALANCES - END OF YEAR	<u>\$ 50</u>	<u>\$ 872,218</u>	<u>\$ 3,208</u>	<u>\$ 875,476</u>

See accompanying Notes to Basic Financial Statements.

**THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	502,726
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Loan Principal - Series 2023		1,577
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability		<u>(16,203)</u>
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Changes in Net Position of Governmental Activities	\$	<u><u>488,100</u></u>
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**THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	50	50	-
FUND BALANCE - END OF YEAR	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

The Brands East Metropolitan District No. 4 (the District), (formerly known as Eagle Crossing Windsor Metropolitan District No. 4), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Larimer County, Colorado, on January 20, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations, and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with three other related Districts, The Brands East Metropolitan District No.1, No. 2, and No. 3 (formerly known as Eagle Crossing Windsor Metropolitan District No. 1, No. 2, and No. 3). The District, along with The Brands East Metropolitan District Nos. 2-3, serve as the Financing Districts, which are responsible for providing the tax base needed to support financing of capital improvements. The Brands East Metropolitan District No. 1 serves as the Operating District which is responsible for coordinating the financing, construction, and maintenance of all public improvements and other services for the Financing Districts.

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

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

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 BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 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 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 District 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 and other financing uses 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.

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 normally set by December 15 by certification to the County Commissioners to put the tax lien always 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, sale 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.

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 assets that applies to a future period 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. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 or modified than those imposed on amounts that are classified as committed.

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.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 60
Cash and Investments - Restricted	94,754
Total Cash and Investments	<u>\$ 94,814</u>

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

Deposits with Financial Institutions	\$ 94,814
Total Cash and Investments	<u>\$ 94,814</u>

Cash Deposits

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.

At December 31, 2024, the District's cash deposits had a bank balance and a carrying balance of \$94,814.

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 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.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado 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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2024, the District did not have any investments.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Government Activities:					
Tax-Exempt Loans:					
Series 2023 Note	\$ 6,040,000	\$ -	\$ 1,577	\$ 6,038,423	\$ 302,000
Total Long-Term Obligations	<u>\$ 6,040,000</u>	<u>\$ -</u>	<u>\$ 1,577</u>	<u>\$ 6,038,423</u>	<u>\$ 302,000</u>

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Points West Community Bank Special Revenue Note, Series 2023: On December 21, 2023, the District entered into a loan agreement with Points West Community Bank to obtain a loan in the amount of \$6,040,000 (Series 2023 Note). The Series 2023 Note has an interest rate of 4.70%, payable semiannually on June 1 and December 1. Principal payment is scheduled every December 1, starting December 1, 2024. The Series 2023 Note matures on December 1, 2028. Proceeds from the Series 2023 Note were used to refund the District's prior loans with US Bank. The Series 2023 Note is secured and payable from the pledged revenues consisting of property tax revenues, specific ownership revenue, and revenues assigned by the Developer to the District (public improvements fees and sales tax rebates).

The Series 2023 Note will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 302,000	\$ 283,806	\$ 585,806
2026	302,000	269,612	571,612
2027	302,000	255,418	557,418
2028	5,132,423	241,224	5,373,647
Total	<u>\$ 6,038,423</u>	<u>\$ 1,050,060</u>	<u>\$ 7,088,483</u>

Authorized Debt

At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 4, 2014 Election	Authorization Used 2018	Authorization Used 2019	Authorization Used 2020	Authorization Used 2023	Authorized But Unissued
Streets	\$ 15,000,000	\$ (1,897,548)	\$ (2,770,011)	\$ (2,115,956)	\$ -	\$ 8,216,485
Safety Protection	15,000,000	(10,657)	-	-	-	14,989,343
Water	15,000,000	(271,280)	(275,224)	-	-	14,453,496
Sanitary and Storm Sewer	15,000,000	(446,069)	-	(73,760)	-	14,480,171
Public Transportation	15,000,000	(74,446)	(209,192)	-	-	14,716,362
Mosquito Control	15,000,000	-	-	-	-	15,000,000
Safety Protection	15,000,000	-	-	-	-	15,000,000
Fire Protection	15,000,000	-	-	-	-	15,000,000
Television Relay and Translation	15,000,000	-	-	-	-	15,000,000
Security	15,000,000	-	-	-	-	15,000,000
Operations and Maintenance	15,000,000	-	-	-	-	15,000,000
Debt Refunding	15,000,000	-	-	-	(6,040,000)	8,960,000
IGA for Public Improvements	15,000,000	-	-	-	-	15,000,000
Private Agreements as Debt	15,000,000	-	-	-	-	15,000,000
Special Assessment	15,000,000	-	-	-	-	15,000,000
Total	<u>\$ 225,000,000</u>	<u>\$ (2,700,000)</u>	<u>\$ (3,254,427)</u>	<u>\$ (2,189,716)</u>	<u>\$ (6,040,000)</u>	<u>\$ 210,815,857</u>

Pursuant to the Service Plan, the maximum general obligation indebtedness for all of Financing Districts (as defined below) combined is to not exceed \$15,000,000.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted 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 legislation. The District had a restricted net position as of December 31, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service	\$ 848,568
Total Restricted Net Position	<u>\$ 848,568</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of long-term debt and accrued interest issued for public improvements constructed or acquired by District No. 1 (Operating District), for the benefit of the Districts, which public improvements are either owned or maintained by District No. 1 or will be conveyed to other governmental entities.

NOTE 6 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-4)

On March 27, 2018 (effective January 1, 2018), the District and District Nos. 1-3 entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts (Administrative Services) and costs related to the continued operation and maintenance (O&M Services) of certain public improvements benefitting the Districts, and their residents and taxpayers.

Pursuant to the Coordinating Services Agreement, District No. 1 was designated as the “coordinating district” (the Coordinating District) and the District along with District Nos. 2 and 3 were each designated as “financing districts” (the Financing Districts). The Coordinating District agrees to perform the Administrative Services for the Financing Districts, which include but is not limited to serving as the “official custodian” and repository for the Financing Districts’ records, coordination of all Board meetings, review and preparation of financial reports, analysis of financial conditions, insurance and election administration, budget preparation, and construction administration and supervision, etc. In addition, the Coordinating District will also own, operate, and maintain any public improvements not dedicated to other governmental entities including common areas, parks, entry monuments, landscaping, open space tracts, recreational facilities, and other community amenities. The Financing Districts shall be responsible for any and all costs, fees, charges, and expenses incurred by the Coordinating District in providing the Administrative and O&M Services through the imposition of ad valorem mill levy against the taxable property lying within their respective boundaries.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 AGREEMENTS (CONTINUED)

Common Finance Plan Resolution

On November 6, 2018, District Nos. 1-3 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the Common Finance Plan Resolution) for the benefit of all Districts. The financial plan of the Districts is to: (i) issue no more debt than the Districts can reasonably pay within thirty years of each series of debt from revenues derived from the maximum Debt Mill Levy and other legally available revenues, and (ii) satisfy all other financial obligations arising out of the Districts' administrative and operations and maintenance activities.

District No. 1 has entered into several Infrastructure Acquisition and Reimbursement Agreements (the IARAs) with developers and builders within the Project Area to reimburse them for certified District eligible costs and acquire any public improvements that is to be owned by District No. 1. Pursuant to the Common Finance Plan Resolution, the District declared its intent, upon issuance of the Loan, to transfer all available revenues to District No. 1 for the payment of such capital costs, including amounts owed by District No. 1 pursuant to the IARAs. District Nos. 2 and 3 also entered into Capital Pledge Agreements with the District to support the payment of debts issued by the District.

Capital Pledge Agreements

On November 8, 2018, the Financing Districts entered into an agreement with US Bank pursuant to which they will impose the required mill levy each year to generate the property tax revenues to be pledged towards the repayment of the US Bank Tax-Exempt Loans (discussed in Note 4 above, "Original Pledge Agreement"). District Nos. 2 and 3 will remit their net tax revenues to the District.

On December 21, 2023, the Financing Districts entered into an Amended and Restated Capital Pledge Agreement ("Pledge Agreement") which amends and restates the Original Pledge Agreement, and pursuant to which the Financing Districts will impose the required mill levy against all taxable property of the applicable Financing Districts to be pledged towards the repayment of the Points West Community Bank Series 2023 Note.

BAA and PIF Revenues Assignment Agreement

On November 8, 2018, the District and District No. 1 have entered into a BAA and PIF Revenues Assignment Agreement whereas in exchange for the District incurring indebtedness in the form of loans, District No. 1 has agreed to remit all Assigned Revenues (as defined below), net of the annual operation amount, to the District for the benefit of repaying the Series 2018A Note and any additional loans.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 AGREEMENTS (CONTINUED)

BAA and PIF Revenues Assignment Agreement (continued)

District No. 1's Assigned Revenues include the pledged net sales tax revenues and pledged net PIF revenues. For the purpose of providing for costs of the public improvements within the Districts, Eagle Crossing Development Inc. and Eagle Crossing Windsor, LLC (collectively, the Developers) and the Town of Windsor has entered into a Business Assistance Agreement Regarding The Brands East dated March 27, 2017 (the Business Assistance Agreement, or BAA), pursuant to which the Town is required to rebate to the Developers certain Town Sales Tax generated within the Brands East Project, including but not limited to, the property located within the boundaries of the Districts. Furthermore, pursuant to an Agreement Regarding Remittance of Business Assistance Agreement Revenues dated November 8, 2018, the Developers have agreed to pay District No. 1 all Town Sales Tax payable to the Developers in accordance with the BAA.

Additionally, the Developers have designated District No. 1 as the primary Public Improvement Fees (PIF) recipient in various Assignment and Designation of Primary PIF Recipient agreements, and have assigned all gross PIF Revenues to District No. 1. Gross PIF Revenues mean the revenues derived from the imposition of the PIF on PIF sales initiated, consummated, conducted, transacted, or otherwise occurring within the boundaries of the Financing Districts, payable to District No. 1 in accordance with the provisions of the applicable PIF Covenant and the PIF Assignments, which include (i) the Assignment and Designation of Primary PIF Recipient The Brands East – Windsor (Fossil Ridge) dated November 6, 2018, between Eagle Crossing Windsor, LLC, and the District No. 1; (ii) the Assignment and Designation of Primary PIF Recipient The Brands East – Windsor dated November 6, 2018, between Eagle Crossing Windsor, LLC, and District No. 1; and (iii) the Assignment and Designation of Primary PIF Recipient Eagle Crossing – Windsor dated November 6, 2018, between Eagle Crossing Windsor, LLC, and District No. 1.

On December 21, 2023, the District and District No. 1 entered into an Amended and Restated BAA and PIF Revenues Assignment pursuant to which District No. 1 has assigned to the District all Town Sales Tax and all PIF Payable to District No. 1, net of certain collection costs related to the PIF, for the term of the Points West Community Bank Series 2023 Note.

NOTE 7 RELATED PARTIES

The developers of the property which constitutes the District are Eagle Crossing Development, Inc., Eagle Crossing Windsor, LLC, and Trollco Inc (the Developers). Certain members of the Board of Directors of the Districts are officers or employees of or related to the Developers or an entity affiliated with the Developers or the majority owner of the Developers, and may have conflicts of interest in dealing with the District.

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 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, 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.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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 limit must be refunded unless the voters approve retention of such revenue. On November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District 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. Since the District's net revenue is pledged for debt service, an emergency reserve has not been provided. An emergency reserve has been established in District No. 1's General Fund as of December 31, 2024.

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.

SUPPLEMENTARY INFORMATION

**THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND C – HANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 198,065	\$ 182,840	\$ (15,225)
Specific Ownership Taxes	13,865	12,401	(1,464)
Interest Income	15,000	7,193	(7,807)
Transfers from District No. 1	464,984	106,010	(358,974)
Transfers from District No. 2	32,023	32,105	82
Transfers from District No. 3	447,479	448,590	1,111
Total Revenues	<u>1,171,416</u>	<u>789,139</u>	<u>(382,277)</u>
EXPENDITURES			
County Treasurer's Fee	3,961	3,701	260
Miscellaneous	-	10	(10)
Paying Agent Fees	3,000	-	3,000
Loan Interest - Series 2023	302,000	272,802	29,198
Loan Principal - Series 2023	268,109	1,577	266,532
Cost of issuance	-	8,336	(8,336)
Contingency	32,930	-	32,930
Total Expenditures	<u>610,000</u>	<u>286,426</u>	<u>323,574</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	561,416	502,713	(58,703)
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	-	(10)	(10)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10)</u>	<u>(10)</u>
NET CHANGE IN FUND BALANCE	561,416	502,703	(58,713)
Fund Balance - Beginning of Year	<u>203,713</u>	<u>369,515</u>	<u>165,802</u>
FUND BALANCE - END OF YEAR	<u>\$ 765,129</u>	<u>\$ 872,218</u>	<u>\$ 107,089</u>

**THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ -	\$ 13	\$ 13
Total Revenues	<u>-</u>	<u>13</u>	<u>13</u>
EXPENDITURES			
Contingency	3,189	-	3,189
Total Expenditures	<u>3,189</u>	<u>-</u>	<u>3,189</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,189)	13	3,202
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	-	10	10
Total Other Financing Sources	<u>-</u>	<u>10</u>	<u>10</u>
NET CHANGE IN FUND BALANCE	(3,189)	23	3,212
Fund Balance - Beginning of Year	<u>3,189</u>	<u>3,185</u>	<u>(4)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 3,208</u></u>	<u><u>\$ 3,208</u></u>

OTHER INFORMATION

THE BRANDS EAST METROPOLITAN DISTRICT NO. 4
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 3,152,554	0.000	30.000	\$ 94,577	\$ 94,577	100.00 %
2021	4,708,140	0.000	30.000	141,244	141,244	100.00
2022	4,292,739	0.000	30.000	128,782	128,782	100.00
2023	4,697,711	0.000	30.000	140,931	140,931	100.00
2024	6,351,887	0.000	31.182	198,065	182,840	92.31
Estimated for the Year Ending December 31, 2025	\$ 5,855,649	0.000	31.182	\$ 182,591		