

**THE SANDS METROPOLITAN DISTRICT NO. 1  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**THE SANDS METROPOLITAN DISTRICT NO. 1  
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Board of Directors  
The Sands Metropolitan District No. 1  
El Paso County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Sands Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Sands Metropolitan District No. 1 as of December 31, 2024, and the respective changes in financial position and the respective 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Other Matters

### Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### Supplementary Information

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

### Other Information

Management is responsible for the other information included in our 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, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the 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.

*Wipfli LLP*

Wipfli LLP  
Denver, Colorado

September 22, 2025

## **BASIC FINANCIAL STATEMENTS**

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 23,465
Cash and Investments - Restricted	9,529
Accounts Receivable	22,132
Due from Other Districts - The Sands No. 2	125,163
Due from Other Districts - The Sands No. 4	234
Receivable from County Treasurer	406
Property Tax Receivable	147,246
Capital Assets:	
Capital Assets Net of Depreciation	<u>3,032,180</u>
Total Assets	<u>3,360,355</u>
<b>LIABILITIES</b>	
Accounts Payable	13,427
Prepaid Owner Fees	3,652
Noncurrent Liabilities:	
Due in More Than One Year	<u>3,675,379</u>
Total Liabilities	<u>3,692,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>147,246</u>
Total Deferred Inflows of Resources	147,246
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,911,935
Restricted for:	
Emergency Reserve	9,300
Unrestricted	<u>(3,400,584)</u>
Total Net Position	<u>\$ (479,349)</u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 494,438	\$ 134,294	\$ -	\$ -	\$ (360,144)
Dedication of Assets to other Entities	18,375,677	-	-	8,630,000	(9,745,677)
Interest on Long-Term Debt and Related Costs	1,557,839	-	-	-	(1,557,839)
Total Governmental Activities	\$ 20,427,954	\$ 134,294	\$ -	\$ 8,630,000	(11,663,660)
 <b>GENERAL REVENUES</b>					
Property Taxes					53,297
Specific Ownership Taxes					4,970
Interest Income					5,625
Intergovernmental Revenues - The Sands No. 2					122,095
Intergovernmental Revenues - The Sands No. 4					33,044
Total General Revenues and Transfers					219,031
 <b>CHANGES IN NET POSITION</b>					 (11,444,629)
Net Position - Beginning of Year					10,965,280
 <b>NET POSITION - END OF YEAR</b>					 <u>\$ (479,349)</u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 23,465	\$ -	\$ 23,465
Cash and Investments - Restricted	9,300	229	9,529
Receivable from County Treasurer	81	325	406
Accounts Receivable	22,132	-	22,132
Due from Other Districts - The Sands No. 2	125,163	-	125,163
Due from Other Districts - The Sands No. 4	234	-	234
Due from Other Funds	325	-	325
Property Tax Receivable	29,449	117,797	147,246
	<u>\$ 210,149</u>	<u>\$ 118,351</u>	<u>\$ 328,500</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 13,427	\$ -	\$ 13,427
Due to Other Funds	-	325	325
Prepaid Owner Fees	3,652	-	3,652
Total Liabilities	<u>17,079</u>	<u>325</u>	<u>17,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax	29,449	117,797	147,246
Total Deferred Inflows of Resources	<u>29,449</u>	<u>117,797</u>	<u>147,246</u>
<b>FUND BALANCES</b>			
Restricted for:			
Emergency Reserves	9,300	-	9,300
Capital Projects	-	229	229
Unassigned	154,321	-	154,321
Total Fund Balances	<u>163,621</u>	<u>229</u>	<u>163,850</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 210,149</u>	<u>\$ 118,351</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets Net of Depreciation 3,032,180

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

Developer Advance Payable (3,675,379)

Net Position of Governmental Activities \$ (479,349)

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 10,659	\$ 42,638	\$ 53,297
Specific Ownership Taxes	994	3,976	4,970
Intergovernmental Revenues - The Sands No. 2	122,095	-	122,095
Intergovernmental Revenues - The Sands No. 4	33,044	8,630,000	8,663,044
Homeowner fees	95,932	-	95,932
Setup Fee Income	24,550	-	24,550
Status Letter Fee Income	11,450	-	11,450
Covenant Violations	400	-	400
Late Fees/Penalties	1,962	-	1,962
Interest income	5,618	7	5,625
Total Revenues	<u>306,704</u>	<u>8,676,621</u>	<u>8,983,325</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	16,637	-	16,637
County Treasurer's Fee	160	640	800
District Management	56,472	-	56,472
Dues And Membership	1,017	-	1,017
Insurance	5,342	-	5,342
Intergovernmental Expenditures - The Sands No. 4	2,748	-	2,748
Landscape Maintenance	70,498	-	70,498
Landscape Water	12,081	-	12,081
Legal	10,365	-	10,365
Repair And Maintenance	4,688	-	4,688
Setup Fee	27,350	-	27,350
Snow Removal	100	-	100
Status Letter Fee	11,450	-	11,450
Capital Projects:			
Capital outlay	-	8,454,882	8,454,882
Intergovernmental Expenditures - The Sands No. 2	-	45,981	45,981
Intergovernmental Expenditures - The Sands No. 4	-	161,100	161,100
Organization Costs	-	14,018	14,018
Total Expenditures	<u>218,908</u>	<u>8,676,621</u>	<u>8,895,529</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	87,796	-	87,796
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	-	8,630,000	8,630,000
Repay Developer Advance	-	(8,630,000)	(8,630,000)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	87,796	-	87,796
Fund Balances - Beginning of Year	<u>75,825</u>	<u>229</u>	<u>76,054</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 163,621</u>	<u>\$ 229</u>	<u>\$ 163,850</u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICIT) OF THE GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 87,796

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	8,454,882
Depreciation Expense	(67,809)
Transfer of Public Improvements to Other Governments	(18,375,677)

The issuance of long-term debt (e.g., bonds, receipt of developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance	(8,630,000)
Repay Developer Advance	8,630,000

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 Developer Advance - Change in Liability	(1,543,821)
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Changes in Net Position of Governmental Activities	\$ (11,444,629)
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**THE SANDS METROPOLITAN DISTRICT NO. 1  
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)
<b>REVENUES</b>			
Property Taxes	\$ 10,587	\$ 10,659	\$ 72
Specific Ownership Taxes	1,059	994	(65)
Intergovernmental Revenues - The Sands No. 2	120,730	122,095	1,365
Intergovernmental Revenues - The Sands No. 4	33,031	33,044	13
Homeowner fees	105,000	95,932	(9,068)
Setup Fee Income	8,000	24,550	16,550
Status Letter Fee Income	4,000	11,450	7,450
Covenant Violations	-	400	400
Late Fees/Penalties	-	1,962	1,962
Interest Income	-	5,618	5,618
Total Revenues	<u>282,407</u>	<u>306,704</u>	<u>24,297</u>
<b>EXPENDITURES</b>			
Accounting	11,000	16,637	(5,637)
Contingency	5,000	-	5,000
County Treasurer's Fee	159	160	(1)
District Management	56,472	56,472	-
Dues And Membership	1,100	1,017	83
Legal	11,000	10,365	635
Insurance	8,000	5,342	2,658
Intergovernmental Expenditures - The Sands No. 4	-	2,748	(2,748)
Status Letter Fee	4,000	11,450	(7,450)
Setup Fee	8,000	27,350	(19,350)
Snow Removal	1,000	100	900
Landscape Maintenance	70,500	70,498	2
Landscape Water	37,000	12,081	24,919
Repair And Maintenance	13,200	4,688	8,512
Total Expenditures	<u>226,431</u>	<u>218,908</u>	<u>7,523</u>
<b>NET CHANGE IN FUND BALANCE</b>	55,976	87,796	31,820
Fund Balance - Beginning of Year	<u>60,942</u>	<u>75,825</u>	<u>14,883</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 116,918</u>	<u>\$ 163,621</u>	<u>\$ 46,703</u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The Sands Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, which was formed on November 27, 2016 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's services area is located in El Paso County, Colorado. The District was established to provide financing for the acquisition, construction and installation of streets, traffic and safety controls, parks and recreational facilities, water, storm drainage, sanitation, fire protection, and mosquito control. Under the Consolidated Service Plan, the District is the Service District related to The Sands Metropolitan District Nos. 2-4 (Districts) known as the Financing Districts to serve a new community to be known as The Sands.

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 government 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 property taxes.

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 SANDS METROPOLITAN DISTRICT NO. 1**  
**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 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 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 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 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**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.

The District has amended its annual budget for the year ended December 31, 2024.

**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 and investments.

**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.

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

**Accounts Receivables**

Accounts receivable consists of homeowners' fees collected by the district and are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of December 31, 2024, allowances for doubtful accounts totaled \$14,500.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

Storm Drainage	20 Years
Landscaping and parks	40 Years

**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.

**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.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**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	\$ 23,465
Cash and Investments - Restricted	9,529
Total Cash and Investments	\$ 32,994

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

Deposits with Financial Institutions	\$ 32,994
Total Cash and Investments	\$ 32,994

**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.

At December 31, 2024, the District had cash deposits and a bank balance of \$33,960 and carrying balance of \$32,994.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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 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

As of December 31, 2024, the District had no investments.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4 CAPITAL ASSETS**

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 13,020,784	\$ 8,454,882	\$ 21,475,666	\$ -
Total Capital Assets, Not Being Depreciated	13,020,784	8,454,882	21,475,666	-
Capital Assets, Being Depreciated:				
Parks and Recreation	-	1,785,044	-	1,785,044
Drainage and Detention	-	1,314,945	-	1,314,945
Total Capital Assets, Being Depreciated	-	3,099,989	-	3,099,989
Less Accumulated Depreciation for:				
Accumulated Depreciation - Parks and Rec	-	(22,499)	-	22,499
Accumulated Depreciation - Drainage & Detention	-	(45,310)	-	45,310
Total Accumulated Depreciation	-	(67,809)	-	67,809
Total Capital Assets, Being Depreciated, Net	-	3,167,798	-	3,032,180
Governmental Activities Capital Assets, Net	\$ 13,020,784	\$ 11,622,680	\$ 21,475,666	\$ 3,032,180

During 2024, a portion of the capital assets constructed and acquired by the District will be conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities will be removed from the District's financial records. There are warranty periods on certain capital assets conveyed to other governments. The District anticipates that the costs, if any, associated with the warranties will be insignificant.

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of the 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
Other Debts:					
Developer Advance - Operations	\$ 72,052	\$ -	\$ -	\$ 72,052	\$ -
Developer Advance - Capital	760,961	8,630,000	8,630,000	760,961	-
Accrued Interest on:					
Developer Advance - Operations	17,104	7,436	-	24,540	-
Developer Advance - Capital	1,281,441	1,536,385	-	2,817,826	-
Subtotal of Other Debts	2,131,558	10,173,821	8,630,000	3,675,379	-
Total Long-Term Obligations	\$ 2,131,558	\$ 10,173,821	\$ 8,630,000	\$ 3,675,379	\$ -

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances**

The District has entered into Funding and Reimbursement Agreements with Eagle Development Company (Developer) as follows:

**Funding and Reimbursement Agreement for Operations and Maintenance Costs**

On December 13, 2016, the District entered into a Funding and Reimbursement Agreement for Operations and Maintenance (O&M Agreement) with the Developer. The O&M Agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This O&M Agreement matured on December 13, 2017 and was extended through December 31, 2025. As of December 31, 2024, outstanding principal for operations and maintenance advances totaled \$72,052 and accrued interest due totaled \$24,540.

**Funding and Reimbursement Agreement for Capital Costs**

On December 13, 2016, the District entered into a Funding and Reimbursement Agreement for Capital Costs (Capital Agreement) with the Developer. The Capital Agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This Capital Agreement matured on December 31, 2017 and was extended through December 31, 2025. As of December 31, 2024, outstanding principal for Capital advances totaled \$760,961 and accrued interest due totaled \$2,817,826.

**THE SANDS METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$399,561,442 at an interest rate not to exceed 12% per annum. At December 31, 2024, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 8, 2016 Election	Authorization Used	Authorized but Unissued
Street Improvements	\$ 28,540,103	\$ -	\$ 28,540,103
Traffic and Safety Protection	28,540,103	-	28,540,103
Water	28,540,103	-	28,540,103
Sanitation/Storm Sewer	28,540,103	-	28,540,103
Parks and Recreation	28,540,103	-	28,540,103
Public Transportation	28,540,103	-	28,540,103
Mosquito Control	28,540,103	-	28,540,103
Fire Protection	28,540,103	-	28,540,103
Television Relay and Translation	28,540,103	-	28,540,103
Security	28,540,103	-	28,540,103
Operations and Maintenance Debt	28,540,103	-	28,540,103
Refunding	57,080,206	-	57,080,206
Reimbursement Agreements	28,540,103	-	28,540,103
Total	<u>\$ 399,561,442</u>	<u>\$ -</u>	<u>\$ 399,561,442</u>

As set forth in the District's 2016 Service Plan, the County has limited the amount of debt to be issued by the District to a total of \$28,540,103 without future approval by the County. The District may levy up to 50.000 mills – residential, and 35 mills – commercial for debt service and up to 10.000 mills for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District.

**NOTE 6 NET POSITION**

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

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 6 NET POSITION (CONTINUED)**

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 3,032,180
Noncurrent portion of Outstanding Long-Term Obligations	(120,245)
Net Investment in Capital Assets	\$ 2,911,935

The restricted component of net position consists of 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 restricted net position as of December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 9,300
Total Restricted Net Position	\$ 9,300

The unrestricted component of net positions is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 7 RELATED PARTIES**

The members of the Board of Directors of the District are employees, owners of, or otherwise associated with the Developer, the Landhuis Company, Eagle Development Company, Tralon Homes, LLC, and Affirmed Financial Services, LLC, holders of the District's outstanding bonds, and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer. Any potential conflicts have been filed in accordance with Colorado Law.

**THE SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8 AGREEMENTS**

**Master Intergovernmental Agreement**

On December 13, 2016, the District entered into a Master Intergovernmental Agreement (IGA) with The Sands Metropolitan District Nos. 2-4. The IGA provides that the District will serve as the service district and will be responsible for managing the construction and operation of the facilities and improvements for the Districts. The Sands Metropolitan District Nos. 2-4 will serve as the financing districts and are responsible for providing the funding and tax base needed to support the capital improvements.

**NOTE 9 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 property liability. 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 10 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.

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 SANDS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

On November 8, 2016, 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.

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 SANDS METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 42,348	\$ 42,638	\$ 42,638	\$ -
Specific ownership taxes	4,235	3,976	3,976	-
Intergovernmental Revenues - The Sands No. 4	6,450,000	8,630,000	8,630,000	-
Interest Income	-	7	7	-
Other Revenue	10,000	18,379	-	(18,379)
Total Revenues	<u>6,506,583</u>	<u>8,695,000</u>	<u>8,676,621</u>	<u>(18,379)</u>
<b>EXPENDITURES</b>				
County Treasurer's Fee	635	640	640	-
Intergovernmental Expenditures - The Sands No. 4	-	161,100	161,100	-
Intergovernmental Expenditures - The Sands No. 2	45,948	45,981	45,981	-
Contingency	10,000	18,379	-	18,379
Organization Costs	-	14,018	14,018	-
Capital Outlay	6,450,000	8,454,882	8,454,882	-
Total Expenditures	<u>6,506,583</u>	<u>8,695,000</u>	<u>8,676,621</u>	<u>18,379</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	-	8,630,000	8,630,000	-
Repay Developer Advance	-	(8,630,000)	(8,630,000)	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	-	-
Fund Balance - Beginning of Year	<u>229</u>	<u>229</u>	<u>229</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 229</u></u>	<u><u>\$ 229</u></u>	<u><u>\$ 229</u></u>	<u><u>\$ -</u></u>

## **OTHER INFORMATION**

**THE SANDS METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2024**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Contractual Obligations	Levied	Collected	
2020	\$ 97,920	10.000	40.000	\$ 4,896	\$ 4,896	100.00 %
2021	97,480	10.000	40.000	4,874	4,874	100.00 %
2022	117,930	10.000	40.000	5,897	5,896	99.98 %
2023	814,190	11.453	45.812	46,625	46,625	100.00 %
2024	1,010,190	10.480	41.921	52,935	53,297	100.68 %
Estimated for Year Ending December 31, 2025	\$ 2,791,400	10.550	42.200	\$ 147,246		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.