

**THE SANDS METROPOLITAN DISTRICT NO. 4  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

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Board of Directors  
The Sands Metropolitan District No. 4  
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. 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 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. 4 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 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

### 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. 4**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 176,942
Receivable from County Treasurer	1,169
Property Tax Receivable	491,762
Total Assets	669,873
<b>LIABILITIES</b>	
Due to Other Districts - The Sands No. 1	234
Accrued Interest	48,544
Noncurrent Liabilities:	
Due in More Than One Year	8,630,000
Total Liabilities	8,678,778
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	491,762
Total Deferred Inflows of Resources	491,762
<b>NET POSITION</b>	
Restricted for:	
Debt Service	124,353
Capital Projects	4,980
Unrestricted	(8,630,000)
Total Net Position	\$ (8,500,667)

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 4  
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	\$ 33,503	\$ -	\$ -	\$ 163,848	\$ 130,345
Intergovernmental Transfers Dedications of Assets to District No. 1	8,630,000	-	-	-	(8,630,000)
Interest on Long-Term Debt and Related Costs	283,814	-	-	-	(283,814)
Total Governmental Activities	\$ 8,947,317	\$ -	\$ -	\$ 163,848	(8,783,469)
 <b>GENERAL REVENUES</b>					
Property Taxes					153,181
Specific Ownership Taxes					14,291
Interest Income					5,646
Total General Revenues and Transfers					173,118
 <b>CHANGES IN NET POSITION</b>					
Net Position - Beginning of Year					109,684
 <b>NET POSITION - END OF YEAR</b>					
					\$ (8,500,667)

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 4  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments - Restricted	\$ -	\$ 171,962	\$ 4,980	\$ 176,942
Receivable from County Treasurer	234	935	-	1,169
Property Tax Receivable	81,957	409,805	-	491,762
Total Assets	\$ 82,191	\$ 582,702	\$ 4,980	\$ 669,873
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Other Districts - The Sands No. 1	\$ 234	\$ -	-	\$ 234
Total Liabilities	234	-	-	234
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	81,957	409,805	-	491,762
Total Deferred Inflows of Resources	81,957	409,805	-	491,762
<b>FUND BALANCES</b>				
Restricted for:				
Debt Service	-	172,897	-	172,897
Capital Projects	-	-	4,980	4,980
Total Fund Balances	-	172,897	4,980	177,877
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 82,191	\$ 582,702	\$ 4,980	

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	(48,544)
Bonds Payable - Series 2024	(8,630,000)
Net Position of Governmental Activities	\$ (8,500,667)

See accompanying Notes to Basic Financial Statements.

**THE SANDS 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
<b>REVENUES</b>				
Property Taxes	\$ 30,636	\$ 122,545	\$ -	\$ 153,181
Specific Ownership Taxes	2,858	11,433	-	14,291
Interest Income	9	5,507	130	5,646
Intergovernmental revenues - The Sands No. 1	-	-	163,848	163,848
Total Revenues	<u>33,503</u>	<u>139,485</u>	<u>163,978</u>	<u>336,966</u>
<b>EXPENDITURES</b>				
Current:				
County Treasurer's Fee	459	1,838	-	2,297
Intergovernmental Expenditures - The Sands No. 1	33,044	-	-	33,044
Debt Service:				
Bond Interest	-	74,434	-	74,434
Capital Projects:				
Intergovernmental Expenditures - The Sands No. 1	-	-	8,630,000	8,630,000
Bond issue costs	-	-	158,998	158,998
Total Expenditures	<u>33,503</u>	<u>76,272</u>	<u>8,788,998</u>	<u>8,898,773</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	-	8,630,000	8,630,000
Transfers In (Out)	-	109,684	(109,684)	-
Total Other Financing Sources	<u>-</u>	<u>109,684</u>	<u>8,520,316</u>	<u>8,630,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>172,897</u>	<u>(104,704)</u>	<u>68,193</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>109,684</u>	<u>109,684</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 172,897</u></u>	<u><u>\$ 4,980</u></u>	<u><u>\$ 177,877</u></u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 4  
RECONCILIATION OF THE STATEMENTS 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 \$ 68,193

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

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:

Bonds Issuance (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 - Change in Liability (48,544)

Changes in Net Position of Governmental Activities \$ (8,610,351)

**THE SANDS 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)
<b>REVENUES</b>			
Property Taxes	\$ 30,444	\$ 30,636	\$ 192
Specific Ownership Taxes	3,044	2,858	(186)
Interest Income	-	9	9
Other Revenue	100	-	(100)
Total Revenues	<u>33,588</u>	<u>33,503</u>	<u>(85)</u>
<b>EXPENDITURES</b>			
Contingency	100	-	100
County Treasurer's Fee	457	459	(2)
Intergovernmental Expenditures - The Sands No. 1	<u>33,031</u>	<u>33,044</u>	<u>(13)</u>
Total Expenditures	<u>33,588</u>	<u>33,503</u>	<u>85</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**THE SANDS METROPOLITAN DISTRICT NO. 4**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The Sands Metropolitan District No. 4 (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 located in El Paso County, Colorado. The District, along with The Sands Metropolitan District Nos. 2 and 3, operate as the Financing Districts along with The Sands Metropolitan District No. 1 serving as the Coordinating District.

The Districts were established to provide financing for the construction, installation, and operation of public improvements, including water, sanitation, streets, safety protections, storm drainage, covenant enforcement and design review services, and parks and recreation facilities.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by 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. 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 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term 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 SANDS 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.

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.

**Deferred Inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has 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 SANDS 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.

**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 SANDS 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 - Restricted	\$ 176,942
Total Cash and Investments	<u>\$ 176,942</u>

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

Investments	\$ 176,942
Total Cash and Investments	<u>\$ 176,942</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2024, the District had no cash deposits.

**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.

**THE SANDS METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Investments (Continued)**

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Fidelity Government Port III Money Market Funds	Weighted-Average Under 60 Days	\$ 176,942
Total		<u>\$ 176,942</u>

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

**Fidelity Money Market Fund**

The debt service money that is included in the trust accounts at Zions Bank is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

**NOTE 4 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
Bonds Payable:					
Limited Tax General Obligation Bonds - Series 2024	\$ -	\$ 8,630,000	\$ -	\$ 8,630,000	\$ -
Subtotal of Bonds Payable	<u>-</u>	<u>8,630,000</u>	<u>-</u>	<u>8,630,000</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 8,630,000</u>	<u>\$ -</u>	<u>\$ 8,630,000</u>	<u>\$ -</u>

**THE SANDS METROPOLITAN DISTRICT NO. 4**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$8,630,000 Limited Tax General Obligation Bonds, Series 2024**

On October 15, 2024, the District authorized the issuance of Limited Tax General Obligation Bonds, Series 2024 (the Series 2024 Bonds) in the aggregate principal amount of \$8,630,000 with an interest rate of 6.75% per annum calculated on the basis of a 360-day year of 12 30-day months, matures on October 1, 2054. The bonds are payable on each June 1 and December 1, commencing on December 1, 2024. The principal and interest on the bonds are payable solely from and the extent of Pledged Revenues, which may or may not be sufficient to pay the principal and interest on the bonds.

To the extent principal of the Series 2024 Bonds is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 2, 2064 (the "Termination Date"). In the event interest on any of the Series 2024 Bonds is not paid when due, such interest is to compound semiannually on each June 1 and December 1, at the rate then borne by the Bonds. All of the Series 2024 Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to such date.

Optional Redemption

The Series 2024 Bonds shall be subject to redemption prior to maturity, at the option of the District, as a whole or in part, on December 1, 2034, and on any date thereafter, at a redemption price equal to the principal amount of the Series 2024 Bonds or portion thereof so redeemed plus accrued interest to the date of redemption, without redemption premium.

Pledged Revenue

The Series 2024 Bonds are secured by and payable solely from and to the extent of Pledged Revenue, net of the cost of collection, which is defined generally in the Authorizing Resolution as:

- a) Pledged Property Tax Revenues;
- b) Pledged Specific Ownership Taxes; and
- c) any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund.

The Series 2024 Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Bonds is payable annually on each December 1, commencing December 1, 2024, from, and to the extent of available Pledged Revenue (defined above). Accordingly, no debt service maturity schedule was prepared.

**THE SANDS METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 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:

	Authorized November 8, 2016 Election	Authorization Used Series 2020 Bonds	Authorized But Unissued
Street Improvements	\$ 28,540,103	\$ 2,304,639	\$ 26,235,464
Traffic and Safety Protection	28,540,103	20,831	28,519,272
Water	28,540,103	1,535,227	27,004,876
Sanitation/Storm Sewer	28,540,103	3,402,161	25,137,942
Parks and Recreation	28,540,103	1,352,858	27,187,245
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	14,284	28,525,819
Total	<u>\$ 399,561,442</u>	<u>\$ 8,630,000</u>	<u>\$ 390,931,442</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 5 NET POSITION**

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

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 restricted net position as of December 31, 2024 as follows:

Restricted Net Position:	Governmental Activities
Debt Service Reserve	\$ 124,353
Capital Projects Reserve	4,980
Total Restricted Net Position	<u>\$ 129,333</u>

**THE SANDS METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 NET POSITION (CONTINUED)**

The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 6 RELATED PARTIES**

The members of the Board of Directors of the District are employees, owners of, or otherwise associated with, Eagle Development Company, the Landhuis 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. Any potential conflicts have been filed in accordance with Colorado Law.

**NOTE 7 AGREEMENTS**

**Master Intergovernmental Agreement (IGA)**

On December 13, 2016, the District entered into a Master Intergovernmental Agreement (IGA) with The Sands Metropolitan District Nos. 1, 3, and 4. The IGA provides that The Sands Metropolitan District No. 1 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.

**Operation Funding and Reimbursement Agreement**

On December 13, 2016, the District entered into an Operation Funding and Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 2% plus the current Federal Reserve Board Prime Rate. As of December 31, 2024, there were no outstanding advances under this agreement.

**Capital Funding and Reimbursement Agreement**

On December 13, 2016, the District entered into a Capital Funding and Reimbursement Agreement to repay advances made by the Developer for capital infrastructure costs. The District agreed to repay the Developer for such capital advances plus accrued interest at the rate of 2% plus the current Federal Reserve Board Prime Rate. As of December 31, 2024, there were no outstanding advances under this agreement.

**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 SANDS METROPOLITAN DISTRICT NO. 4**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

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 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has not provided for an emergency reserve fund equal to 3% fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 1, which provides for the required reserve amount.

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. 4  
DEBT SERVICE FUND  
SCHEDULE 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	\$ 121,776	\$ 122,545	\$ 769
Specific Ownership Taxes	12,178	11,433	(745)
Interest Income	-	5,507	5,507
Other revenue	1,000	-	(1,000)
Total Revenues	<u>134,954</u>	<u>139,485</u>	<u>4,531</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	1,827	1,838	(11)
Bond Interest	256,667	74,434	182,233
Contingency	1,000	-	1,000
Total Expenditures	<u>259,494</u>	<u>76,272</u>	<u>183,222</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From Other Funds	58,762	109,684	50,922
Total Other Financing Sources	<u>58,762</u>	<u>109,684</u>	<u>50,922</u>
<b>NET CHANGE IN FUND BALANCE</b>	(65,778)	172,897	238,675
Fund Balance - Beginning of Year	<u>108,627</u>	<u>-</u>	<u>(108,627)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 42,849</u></u>	<u><u>\$ 172,897</u></u>	<u><u>\$ 130,048</u></u>

**THE SANDS METROPOLITAN DISTRICT NO. 4  
CAPITAL PROJECT 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>				
Intergovernmental Revenues - The Sands No. 1	\$ -	\$ 2,748	\$ 163,848	\$ 161,100
Intergovernmental Revenues - The Sands No. 1	-	161,100	-	(161,100)
Interest Income	-	130	130	-
Contingency	1,000	-	-	-
Total Revenues	<u>1,000</u>	<u>163,978</u>	<u>163,978</u>	<u>-</u>
<b>EXPENDITURES</b>				
Intergovernmental Expenditures - The Sands No. 1	6,450,000	\$ 8,630,000	\$ 8,630,000	\$ -
Bond Issue Costs	50,000	158,998	158,998	-
Contingency	1,000	1,318	-	1,318
Total Expenditures	<u>6,501,000</u>	<u>8,790,316</u>	<u>8,788,998</u>	<u>1,318</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(6,500,000)	(8,626,338)	(8,625,020)	1,318
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	6,500,000	8,630,000	8,630,000	-
Transfers To Other Fund - District Specific	<u>(58,762)</u>	<u>(109,684)</u>	<u>(109,684)</u>	<u>-</u>
Total Other Financing Sources	<u>6,441,238</u>	<u>8,520,316</u>	<u>8,520,316</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(58,762)	(106,022)	(104,704)	1,318
Fund Balance - Beginning of Year	<u>58,762</u>	<u>109,684</u>	<u>109,684</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$ -</u>	<u>\$ 3,662</u>	<u>\$ 4,980</u>	<u>\$ 1,318</u>

## **OTHER INFORMATION**

**THE SANDS 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 Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 431,220	10.000	50.000	\$ 25,873	\$ 25,873	100.00 %
2021	522,710	10.000	50.000	31,363	31,363	100.00 %
2022	572,030	10.000	50.000	34,322	34,322	100.00 %
2023	969,600	11.453	45.812	55,524	55,524	100.00 %
2024	2,879,130	10.574	42.296	152,220	153,181	100.63 %
Estimated for Year Ending December 31, 2025	\$ 6,413,930	12.778	63.893	\$ 491,762		

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