

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2024

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2024 budget and budget message for THE SANDS METROPOLITAN DISTRICT NO. 1 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 2, 2023. If there are any questions on the budget, please contact:

Seef LeRoux
CliftonLarsonAllen LLP
121 South Tejon Street, Ste. 1100
Colorado Springs, CO 80903
Tel.: 719-635-0330

I, S. Alan Vancil as Secretary of The Sands Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2024 budget.

By: S. Alan Vancil

**RESOLUTION
TO ADOPT 2024 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
THE SANDS METROPOLITAN DISTRICT NO. 1**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2024 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SANDS METROPOLITAN DISTRICT NO. 1, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024, AND ENDING ON THE LAST DAY OF DECEMBER, 2024,

WHEREAS, the Board of Directors of The Sands Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 2, 2023 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$10,587; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$ 0 ; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$42,348 ; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2023 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 1,010,190; and

WHEREAS, at an election held on November 8, 2016, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANDS METROPOLITAN DISTRICT NO. 1 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Sands Metropolitan District No. 1 for calendar year 2024.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2024 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2024 budget year, there is hereby levied a tax of 10.480 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2024 budget

year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2024 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 41.921 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2024 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2023 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 2nd day of November, 2023.

THE SANDS METROPOLITAN DISTRICT NO. 1

Jeff Mark

President

ATTEST:

S. Alan Vancil

Secretary

The Sands Metropolitan District No. 1			
General Fund Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 39,400	\$ 59,412	\$ 60,942
REVENUES			
Property Tax	1,179	9,325	10,587
Specific Ownership Tax	123	966	1,059
Setup Fee	4,350	7,650	2,000
Setup Fee - District #4	-	1,050	6,000
Status Letter	3,100	2,650	1,000
Status Letter - District #4	-	2,250	3,000
Design Fee	250	-	-
Homeowner Fees - District #2	50,804	35,000	55,200
Homeowner Fees - District #4	-	15,000	49,800
Homeowner Fines	1,753	905	-
Intergovernmental revenue from District #2	79,841	92,538	120,730
Intergovernmental revenue from District #4	6,229	11,897	33,031
Total Revenues	147,629	179,230	282,407
EXPENDITURES			
General Management			
County Collection Fee - 1.5% of Property Tax	18	140	159
Accounting	3,148	10,000	11,000
Legal	16,259	10,000	11,000
District Management - District #2	22,577	30,163	36,432
District Management - District #4	-	-	20,040
Insurance	4,074	5,142	8,000
Setup Fee	4,350	7,650	2,000
Setup Fee - District #4	-	1,050	6,000
Status Letter	3,100	2,650	1,000
Status Letter - District #4	-	2,250	3,000
Design Fee	250	-	-
Dues and subscriptions	954	736	1,100
Contingency Expenses	381	5,000	5,000
Total General Management	55,111	74,781	104,731
Maintenance			
Landscape maintenance - District #2	36,300	37,752	44,000
Landscape maintenance - District #4	-	17,100	26,500
Drainage maintenance - Stormwater fees	5,140	3,067	3,200
Landscape repairs - District #2	9,219	5,000	5,000
Landscape repairs - District #4	-	5,000	5,000
Landscape water - District #2	17,173	15,000	17,000
Landscape water - District #4	-	19,000	20,000
Snow Removal	705	1,000	1,000
Streetlights	3,969	-	-
Total Maintenance	72,506	102,919	121,700
Total Expenses	127,617	177,700	226,431
Excess of Revenues over Expenditures	20,012	1,530	55,976
NET CHANGE IN FUND BALANCE	20,012	1,530	55,976
ENDING FUND BALANCE	\$ 59,412	\$ 60,942	\$ 116,918
Emergency Reserve - 3% of Revenues	\$ 4,429	\$ 5,377	\$ 8,472
Unrestricted Fund Balance	54,983	55,565	108,446

The Sands Metropolitan District No. 1			
Capital Fund Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 229	\$ 229	\$ 229
REVENUES			
Property Tax	4,717	37,300	42,348
Specific Ownership Tax	491	3,863	4,235
Intergovernmental revenue from District 4	-	-	6,450,000
Contingency	-	-	10,000
Total Revenues	5,208	41,163	6,506,583
EXPENDITURES			
County Collection Fee - 1.5% of Property Tax	71	560	635
Development Costs - District 4	-	-	6,450,000
Contingency Expense	-	-	10,000
Total Capital Expenditures	71	560	6,460,635
Excess of Revenues over Expenditures	5,137	40,603	45,948
Transfer to District 2 Debt Service Fund	(5,137)	(40,603)	(45,948)
NET CHANGE IN FUND BALANCE	-	-	-
ENDING FUND BALANCE	\$ 229	\$ 229	\$ 229

The Sands Metropolitan District No. 1 - 4					
Property Taxes					
2023 Valuations for 2024 Taxes					
		District #	District #	District #	District #
		358	359	360	361
	Combined	District No. 1	District No. 2	District No. 3	District No. 4
Vacant Residential Land - Market Value	8,612,344	570,294	42,304	1,015,378	6,984,368
Percentage	29%	28%	28%	28%	28%
Assessed Value	2,403,440	159,100	11,800	283,290	1,949,250
Residential Land & Improvements - Market Value	125,643,951	-	124,392,171	-	1,251,780
Percentage	6.70%	6.95%	6.70%	6.95%	6.95%
Assessed Value	8,418,090	-	8,334,220	-	83,870
Commercial	16,060,602	3,050,500	3,709	13,006,393	2,966,164
Percentage	29%	28%	28%	28%	28%
Assessed Value	5,308,450	851,090	1,030	3,628,780	827,550
Natural Resources					279
Percentage					29%
Assessed Value					80
State Assessed	-	-	15,020	13,980	65,880
Percentage	29%	29%	28%	28%	29%
Assessed Value	26,470	-	4,190	3,900	18,380
Total Assessed Value	16,156,450	1,010,190	8,351,240	3,915,970	2,879,130
Mill Levies		52.401	66.621	36.768	52.870
Property Tax to be paid	905,505	52,935	556,368	143,982	152,220
Property Tax based on Mill Levy					
Debt Service	566,872		445,096		121,776
Contractual Obligations	186,330	42,348		143,982	
Operations & Maintenance	152,303	10,587	111,272	-	30,444
Total	905,505	52,935	556,368	143,982	152,220
Mill Levy Charged					
Debt Service			53.297		42.296
Contractual Obligations		41.921		36.768	
Operations & Maintenance		10.480	13.324	-	10.574
Total		52.401	66.621	36.768	52.870

**THE SANDS METROPOLITAN DISTRICT NO. 1
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The Sands Metropolitan District No. 1 (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2016 in El Paso County. The District, along with Districts 2 and 3, annexed into the City of Colorado Springs, CO in 2018. The District was established as part of a “Multiple District Structure” for The Sands community and is generally located as follows: (i) Districts 1, 2 and 3 are located adjacent and to the North and East of the intersection of Constitution Avenue and Marksheffel Road (“Constitution/Marksheffel Parcel”); and (ii) District No. 4 is located North East of the intersection of Marksheffel Rd. and Carefree Circle and East of Antelope Ridge in El Paso County, Colorado. Overall, the Districts’ proposed boundaries are estimated to include approximately 166.378 acres of land (more or less) in its initial boundaries (approximately 114.304 acres comprising the Constitution/Marksheffel Parcel and approximately 52.074 acres comprising the District 4, entirely within El Paso County, State of Colorado. Along with its companion Districts Nos. 2 and 3 (“Financing Districts”) this “Service District” was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

GENERAL FUND

REVENUES

1. The Homeowner Fees for District #2 are \$200 for 2024.
2. The Homeowner Fees for District #4 are \$300 for 2024.
3. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Operations and Maintenance at 10.480 mills.
4. Specific ownership taxes are budgeted at 10% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
5. Fees are charged by the Management company for the setup of new homeowner, to provide status letters to title companies and for design fees. These fees are then paid to the Management company.

**THE SANDS METROPOLITAN DISTRICT NO. 1
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

GENERAL FUND – (continued)

REVENUES – (continued)

6. Intergovernmental revenue is budgeted for General Fund tax revenue from The Sands Metropolitan Districts #2 and #4 transferred to District #1. Districts #2 has assessed 13.324 mills and District #4 has assessed 10.574 mills for Operations and Maintenance for 2024. The related property tax revenue and an allocation of specific ownership tax at 10% of the Property Tax are included in this budgeted revenue.

EXPENDITURES

Expenditures include the operating and maintenance costs for Districts #1 – #4 since all of the net operating tax revenues of Districts #2 – #4 are transferred to District #1 as intergovernmental revenue.

1. Accounting fees include the monthly accounting for the District and the costs of the accounting firm to prepare periodic and annual financial statements, and to record mill levy certifications and budgets with regulatory authorities.
2. Legal fees are estimated based on the annual requirements of the District.
3. District Management costs are based on the contract with the Management Company.
4. Insurance is the estimated charges from the Colorado Special Districts Property and Liability Insurance Pool.
5. Landscape maintenance, repairs and water are for maintenance of the common areas and drainage facilities within the Districts.
6. Streetlight costs include the electric utilities to operate them.
7. A contingency expense is budgeted at \$5,000 for unexpected expenses.

CAPITAL FUND

REVENUES

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for District #1 Contractual Obligations at 41.921 mills.
2. Specific ownership taxes are budgeted at 10% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.

EXPENDITURES

1. County property tax collection fee is based on 1.5% of the property tax received.
2. The Capital Fund has development costs related to District #4 Capital Fund in 2024.
3. The Capital Fund has budgeted a transfer to District #2 Debt Fund of its Pledged Revenue to the District #2 Debt.

**THE SANDS METROPOLITAN DISTRICT NO. 1
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

DEBT AND LEASES

The District has no debt, nor any operating or capital leases.

RESERVES

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of revenues, excluding Developer Loan Proceeds.

ADDITIONAL INFORMATION

1. The basis of accounting for the District is the Modified Accrual Basis.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the The Sands Metropolitan District No. 1

the Board of Directors (taxing entity)^A

of the The Sands Metropolitan District No. 1 (governing body)^B
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: \$ 1,010,190
(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 1,010,190
(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 01/01/2024 for budget/fiscal year 2024
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> ²	<u>REVENUE</u> ²
1. General Operating Expenses ^H	<u>10.480</u> mills	\$ <u>10,587</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<u>10.480</u> mills	\$ <u>10,587</u>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	<u>41.921</u> mills	\$ <u>42,348</u>
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>52.401</u> mills	\$ <u>52,935</u>

Contact person: Seef Le Roux Phone: (719)635-0330
Signed: Seef Le Roux Title: Accountant for District

Survey Question: Does the taxing entity have voter approval to adjust the general operating levy to account for changes to assessment rates? Yes No

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: Contractual Obligation to The Sands Metropolitan District No. 2
Title: Capital Pledge Agreement
Date: September 15, 2020
Principal Amount: \$ 12,315,000
Maturity Date: December 1, 2050
Levy: 41.921
Revenue: \$ 42,348

- 4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.