

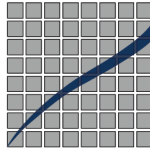
**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Andrews Farms Metropolitan District No. 1
Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Andrews Farms Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position, and the budgetary comparison schedule for the general fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this 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.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional information procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 9, 2022

BASIC FINANCIAL STATEMENTS

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 287,679
Cash and Investments - Restricted	1,472,098
Receivable - County Treasurer	7,178
Property Taxes Receivable	1,427,208
Prepaid Insurance	5,558
Total Assets	<u>3,199,721</u>
LIABILITIES	
Accounts Payable	1,738
Due to Andrews Farm MD No. 2	1
Noncurrent Liabilities:	
Due in More Than One Year	53,004
Total Liabilities	<u>54,743</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	1,427,208
Total Deferred Inflows of Resources	<u>1,427,208</u>
NET POSITION	
Restricted:	
Debt Service	1,461,525
Emergency	9,750
Unrestricted	246,495
Total Net Position	<u><u>\$ 1,717,770</u></u>

See accompanying Notes to Basic Financial Statements.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 29,709	\$ -	\$ -	\$ -	\$ (29,709)
Interest on Long-Term Debt and Related Costs	24,914	-	-	-	(24,914)
Total Governmental Activities	\$ 54,623	\$ -	\$ -	\$ -	(54,623)
GENERAL REVENUES					
Property Taxes					1,727,684
Specific Ownership Taxes					86,813
Total General Revenues					1,814,497
CHANGE IN NET POSITION					1,759,874
Net Position - Beginning of Year					(42,104)
NET POSITION - END OF YEAR					\$ 1,717,770

See accompanying Notes to Basic Financial Statements.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 287,679	\$ -	\$ 287,679
Cash and Investments - Restricted	9,750	1,462,348	1,472,098
Receivable - County Treasurer	1,286	5,892	7,178
Property Taxes Receivable	1,427,208	-	1,427,208
Prepaid Insurance	5,558	-	5,558
Total Assets	\$ 1,731,481	\$ 1,468,240	\$ 3,199,721
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,738	\$ -	\$ 1,738
Due to Andrews Farm MD No. 2	-	1	1
Total Liabilities	1,738	1	1,739
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	1,427,208	-	1,427,208
	1,427,208	-	1,427,208
FUND BALANCES			
Nonspendable:			
Prepaid Expense	5,558	-	5,558
Restricted:			
Debt Service	-	1,468,239	1,468,239
Emergency	9,750	-	9,750
Unassigned	287,227	-	287,227
Total Fund Balances	302,535	1,468,239	1,770,774
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,731,481	\$ 1,468,240	

Amounts reported for governmental activities in the statement of net position are the same as above.

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.

Developer Advance Payable	(46,290)
Developer Advance Interest Payable	(6,714)
	(53,004)

Net Position of Governmental Activities	\$ 1,717,770
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See accompanying Notes to Basic Financial Statements.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 309,435	\$ 1,418,249	\$ 1,727,684
Specific Ownership Taxes	15,549	71,264	86,813
Total Revenues	324,984	1,489,513	1,814,497
EXPENDITURES			
Accounting	13,129	-	13,129
County Treasurer's Fees	4,642	21,274	25,916
Dues and Licenses	549	-	549
Insurance and Bonds	5,058	-	5,058
Legal Services	6,331	-	6,331
Total Expenditures	29,709	21,274	50,983
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	295,275	1,468,239	1,763,514
OTHER FINANCING SOURCES (USES)			
Developer Advances	10,000	-	10,000
Total Other Financing Sources (Uses)	10,000	-	10,000
NET CHANGE IN FUND BALANCES	305,275	1,468,239	1,773,514
Fund Balances - Beginning of Year	(2,740)	-	(2,740)
FUND BALANCES - END OF YEAR	\$ 302,535	\$ 1,468,239	\$ 1,770,774

Amounts reported for governmental activities in the statement of activities are the same as above.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Total Governmental Funds \$ 1,773,514

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

Long-term debt (e.g., bonds, 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.

Developer Advances (10,000)

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.

Developer Advances - Change in Accrued Interest (3,640)

Change in Net Position of Governmental Activities \$ 1,759,874

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 309,435	\$ 309,435	\$ 309,435	\$ -
Specific Ownership Taxes	15,472	10,830	15,549	4,719
Total Revenues	<u>324,907</u>	<u>320,265</u>	<u>324,984</u>	<u>4,719</u>
EXPENDITURES				
Accounting	12,500	12,500	13,129	(629)
Contingency	8,858	4,866	-	4,866
County Treasurer's Fees	4,642	4,642	4,642	-
Dues and Licenses	500	549	549	-
Engineering	10,000	10,000	-	10,000
Insurance and Bonds	7,500	5,058	5,058	-
Legal Services	10,000	5,000	6,331	(1,331)
Total Expenditures	<u>54,000</u>	<u>42,615</u>	<u>29,709</u>	<u>12,906</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	270,907	277,650	295,275	17,625
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	10,000	10,000	-
Repay Developer Advance Principal	-	(46,290)	-	-
Repay Developer Advance Interest	-	(6,095)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(42,385)</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	270,907	235,265	305,275	70,010
Fund Balance - Beginning of Year	<u>3,023</u>	<u>(2,739)</u>	<u>(2,740)</u>	<u>(1)</u>
FUND BALANCE - END OF YEAR	<u>\$ 273,930</u>	<u>\$ 232,526</u>	<u>\$ 302,535</u>	<u>\$ 70,009</u>

See accompanying Notes to Basic Financial Statements.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Andrews Farm Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Weld County on November 21, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Hudson, Weld County, Colorado. The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, water, storm and sanitary sewer, and park and recreation facilities, primarily for single family residential development within the District.

The District was formed in conjunction with Andrews Farm Metropolitan Districts No. 2 (collectively, the Districts). The Districts share, among other things, engineer's estimate of probable costs of improvements for the Districts, financing plan for the Districts and a combined Debt Limitation. The purpose of the Districts is to finance, acquire, and construct public improvements within their collective boundaries, including streets and traffic controls, water and storm sewer, and sanitary sewer services and facilities, and park and recreation services and facilities (the Improvements). The Districts anticipate that the Improvements acquired or constructed for the use and benefit of Districts' taxpayers within the Districts' boundaries will be dedicated to and maintained by the Town of Hudson, one of the Districts, or other nonprofit or governmental entities.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual is property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred 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.

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.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 287,679
Cash - Restricted	1,472,098
Total Cash	\$ 1,759,777

Cash and investments as of December 31, 2021 consist of the following:

Total Deposits with Financial Institutions	\$ 1,759,777
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**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2021, the District's cash deposits had a bank and carrying balance of \$1,759,777.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term debt for the period ending December 31, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Governmental Activities					
Other Debts:					
Developer Advances - Operating	\$ 36,290	\$ 10,000	\$ -	\$ 46,290	\$ -
Accrued Interest - Operating	3,074	3,640	-	6,714	-
Total Long-Term Obligations	<u>\$ 39,364</u>	<u>\$ 13,640</u>	<u>\$ -</u>	<u>\$ 53,004</u>	<u>\$ -</u>

Debt Authorization

On November 15, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$138,000,000 at an interest rate to be determined by the District's Board of Directors. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

	Amount Authorized on Nov 6, 2018	Authorized But Unissued
Parks and Recreational	\$ 11,500,000	\$ 11,500,000
Drainage	11,500,000	11,500,000
Street Improvements	11,500,000	11,500,000
Water	11,500,000	11,500,000
Sewer	11,500,000	11,500,000
Transportation	11,500,000	11,500,000
Traffic and Safety Controls	11,500,000	11,500,000
Mosquito Control	11,500,000	11,500,000
Security	11,500,000	11,500,000
Fire Protection	11,500,000	11,500,000
Debt for Refunding	11,500,000	11,500,000
Intergovernmental Agreements	11,500,000	11,500,000
Total	<u>\$ 138,000,000</u>	<u>\$ 138,000,000</u>

Pursuant to the Service Plan, dated September 5, 2018, the District's mill levy cap consists of 55.000 mills for debt and 12.000 mills for operating and maintenance. The debt mill levy is limited as follows:

- a) For that portion of the District's general obligation debt which equals or exceeds 50% of the District's assessed valuation, the maximum mill levy the District can promise to impose for the payment of all issued debt shall be 55.000 mills reduced by the number of mills necessary to pay unlimited mill levy general obligation debt described in (b) below; provided however, that in the event the method of calculating assessed valuation is changed after the date of the approval of this Service Plan, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.
- b) For that portion of the District's general obligation debt which is less than 50.00% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the District can promise to impose for the payment of such debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate.
- c) For purposes of the foregoing, once general obligation debt has been determined to be within (b) above so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

Effective October 26, 2021, the District added additional language to the Service Plan that allows the operations and maintenance mill levy to be any rate, so long as the District's aggregate mill levy does not exceed the Limited Total Mill Levy of 67.000 mills and there is no outstanding General Obligation debt.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$11,500,000.

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

NOTE 5 RELATED PARTY

All the members of the Board of Directors of the District are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. Also, the Developer has various agreements with the District.

Operating Reimbursement Agreement

Effective December 4, 2018, and as amended on November 1, 2021, the District and Parkwood East LLC (Developer) entered into an Operating Reimbursement Agreement (ORA). Pursuant to the ORA, the Developer may advance funds as requested by the District in order to pay the operation, maintenance, and administrative expenses of the District. Advances made by the Developer shall accrue interest at 8.00% per annum commencing as of the date of each Advance but in no event prior to the date the District was organized. Payments by the District shall be applied first to interest on, then to principal of the Advances in chronological order to their effective date. The term of the ORA shall end on the date that the Advances have been paid in full or 40 years after the effective date, whichever date occurs first in time. As of December 31, 2021, the District owes \$53,004 under this agreement.

Infrastructure Acquisition Agreement

Effective December 4, 2018, the District and Parkwood East LLC entered into an Infrastructure Acquisition Agreement (IAA). Pursuant to the IAA, Parkwood East LLC may advance funds to the District to construct, install, and complete certain public infrastructure or may construct, install, and complete certain public infrastructure and then transfer such public infrastructure to the District. Advances made by the Developer shall accrue interest at 8.00% per annum commencing as of the date of transfer to the District for public infrastructure completed. The term of the IAA shall end on the date that the Advances have been paid in full or 40 years after the effective date, whichever date occurs first in time. As of December 31, 2021, the District has no balance owed under this agreement.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

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

Restricted assets include net position that is 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, 2021, as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service	\$ 1,461,525
Emergency Reserves	9,750
Total Restricted Net Position	\$ 1,471,275

The District’s unrestricted net position as of December 31, 2021, is \$246,495.

NOTE 7 RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property, workers’ compensation, and public officials’ liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 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 that 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.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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. District No. 1 has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending.

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

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,418,248	\$ 1,418,249	\$ 1
Specific Ownership Taxes	70,912	71,264	352
	<u>1,489,160</u>	<u>1,489,513</u>	<u>353</u>
EXPENDITURES			
Contingency	726	-	726
County Treasurer's Fees	21,274	21,274	-
Total Expenditures	<u>22,000</u>	<u>21,274</u>	<u>726</u>
NET CHANGE IN FUND BALANCES	1,467,160	1,468,239	1,079
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,467,160</u>	<u>\$ 1,468,239</u>	<u>\$ 1,079</u>

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2019	\$ 1,450	66.332	0.000	\$ 96	\$ 96	100.00 %
2020	16,840	66.795	0.000	1,125	1,125	100.00
2021	25,786,330	12.000	55.000	1,727,683	1,727,684	100.00
Estimated for the Year Ending December 31, 2022	\$ 21,301,620	67.000	0.000	\$ 1,427,508	N/A	

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.