

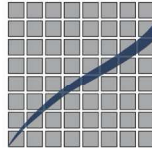
**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**Weld County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Andrews Farm Metropolitan District No. 1**

Weld County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Andrews Farm Metropolitan District No. 1 ("District"), as of and for the year ended December 31, 2023, 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, 2023, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our 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 the 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, 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 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 a 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. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

Management is responsible for the other information, as identified in the table of contents. The other information 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 we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
July 25, 2024

## **BASIC FINANCIAL STATEMENTS**

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 3,180,070
Cash and Investments - Restricted	1,621,349
Receivable - County Treasurer	4,239
Property Taxes Receivable	848,603
Prepaid Insurance	5,342
Total Assets	5,659,603
<b>LIABILITIES</b>	
Accounts Payable	8,830
Due to Andrews Farm MD No. 2	1
Total Liabilities	8,831
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	848,603
Total Deferred Inflows of Resources	848,603
<b>NET POSITION</b>	
Restricted:	
Debt Service	1,574,248
Emergency	47,100
Unrestricted	3,180,821
Total Net Position	\$ 4,802,169

See accompanying Notes to Basic Financial Statements.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Governmental Activities:				
General Government	\$ 58,789	\$ -	\$ -	\$ (58,789)
Interest on Long-Term Debt and Related Costs	<u>48</u>	<u>-</u>	<u>-</u>	<u>(48)</u>
Total Governmental Activities	<u>\$ 58,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(58,837)</u>
<b>GENERAL REVENUES</b>				
Property Taxes				1,390,072
Specific Ownership Taxes				59,124
Interest Income				200,739
Transfer from District 2				1
Total General Revenues				<u>1,649,936</u>
<b>CHANGE IN NET POSITION</b>				1,591,099
Net Position - Beginning of Year				<u>3,211,070</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 4,802,169</u>

See accompanying Notes to Basic Financial Statements.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 3,180,070	\$ -	\$ 3,180,070
Cash and Investments - Restricted	47,100	1,574,249	1,621,349
Receivable - County Treasurer	4,239	-	4,239
Property Taxes Receivable	848,603	-	848,603
Prepaid Insurance	5,342	-	5,342
Total Assets	\$ 4,085,354	\$ 1,574,249	\$ 5,659,603
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 8,830	\$ -	\$ 8,830
Due to Andrews Farm MD No. 2	-	1	1
Total Liabilities	8,830	1	8,831
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	848,603	-	848,603
	848,603	-	848,603
 <b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expense	5,342	-	5,342
Restricted:			
Debt Service	-	1,574,248	1,574,248
Emergency	47,100	-	47,100
Unassigned	3,175,479	-	3,175,479
Total Fund Balances	3,227,921	1,574,248	\$ 4,802,169
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,085,354	\$ 1,574,249	

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

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 1,390,072	\$ -	\$ 1,390,072
Specific Ownership Taxes	59,124	-	59,124
Interest Income	120,487	80,252	200,739
Transfer from District No. 2	1	-	1
Total Revenues	1,569,684	80,252	1,649,936
<b>EXPENDITURES</b>			
Accounting	19,347	-	19,347
Auditing	4,450	-	4,450
County Treasurer's Fees	20,851	-	20,851
Dues and Licenses	548	-	548
Insurance and Bonds	5,142	-	5,142
Legal Services	8,451	-	8,451
Total Expenditures	58,789	-	58,789
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,510,895	80,252	1,591,147
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	-	-	-
Developer Advance	1,053	-	1,053
Repay Developer Advance Principal	(1,053)	-	(1,053)
Repay Developer Advance Interest	(48)	-	(48)
Total Other Financing Sources (Uses)	(48)	-	(48)
<b>NET CHANGE IN FUND BALANCES</b>	1,510,847	80,252	1,591,099
Fund Balances - Beginning of Year	1,717,074	1,493,996	3,211,070
<b>FUND BALANCES - END OF YEAR</b>	\$ 3,227,921	\$ 1,574,248	\$ 4,802,169

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 REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balance - Total Governmental Funds \$ 1,591,099

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

Long-term debt (e.g. 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	(1,053)
Developer Advances - Repayment	1,053
	1,053

Change in Net Position of Governmental Activities	\$ 1,591,099
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**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,390,274	\$ 1,390,072	\$ (202)
Specific Ownership Taxes	83,416	59,124	(24,292)
Interest Income	-	120,487	120,487
Transfer from District No. 2	1	1	-
Total Revenues	<u>1,473,691</u>	<u>1,569,684</u>	<u>95,993</u>
<b>EXPENDITURES</b>			
Accounting	19,000	19,347	(347)
Auditing	4,500	4,450	50
Contingency	2,396	-	2,396
County Treasurer's Fees	20,854	20,851	3
Dues and Licenses	750	548	202
Election	3,000	-	3,000
Engineering	-	-	-
Insurance and Bonds	6,500	5,142	1,358
Legal Services	18,000	8,451	9,549
Total Expenditures	<u>75,000</u>	<u>58,789</u>	<u>16,211</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,398,691	1,510,895	112,204
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	-	1,053	1,053
Repay Developer Advance - Principal	-	(1,053)	(1,053)
Repay Developer Advance - Interest	-	(48)	(48)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(48)</u>	<u>(48)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,398,691	1,510,847	112,156
Fund Balance - Beginning of Year	<u>1,678,726</u>	<u>1,717,074</u>	<u>38,348</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,077,417</u>	<u>\$ 3,227,921</u>	<u>\$ 150,504</u>

See accompanying Notes to Basic Financial Statements.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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, 2023**

**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, 2023**

**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.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Equity (Continued)**

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.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,180,070
Cash and Investments - Restricted	1,621,349
Total Cash	<u>\$ 4,801,419</u>

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ 59,799
Investments	4,741,620
Total	<u>\$ 4,801,419</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 102.00% 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, 2023, the District's cash deposits has a bank balance and a carrying balance of \$59,799.

**Investments**

The District has adopted a formal investment policy which 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.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities 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

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which are recorded at amortized cost, and COLOTRUST which are recorded at net asset value.

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 4,741,620</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**COLOTRUST (Continued)**

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
<b>Governmental Activities</b>					
Other Debts:					
Developer Advances - Operating	\$ -	\$ 1,053	\$ 1,053	\$ -	\$ -
Accrued Interest - Operating	-	48	48	-	-
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ -</u>

**Debt Authorization**

On November 6, 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, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

**Debt Authorization (Continued)**

	Amount Authorized on November 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 50.00% 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, 2023**

**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, 2023, the District has paid advances in full and therefore, the term of the ORA ended.

**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, 2023, the District has no balance owed under this agreement.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service	\$ 1,574,248
Emergency Reserves	47,100
Total Restricted Net Position	\$ 1,621,348

The District’s unrestricted net position as of December 31, 2023 is \$3,180,821.

**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.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

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 3.00% 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 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, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Specific Ownership Taxes	-	-	-
Interest Income	-	80,252	80,252
Total Revenues	<u>-</u>	<u>80,252</u>	<u>80,252</u>
<b>EXPENDITURES</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	80,252	80,252
<b>NET CHANGE IN FUND BALANCES</b>	-	80,252	80,252
Fund Balance - Beginning of Year	<u>1,468,239</u>	<u>1,493,996</u>	<u>25,757</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,468,239</u>	<u>\$ 1,574,248</u>	<u>\$ 106,009</u>

## **OTHER INFORMATION**

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt	Levied	Collected	
		Fund	Service			
2019	\$ 1,450	66.332	0.000	\$ 96	\$ 96	100.00 %
2020	16,840	66.795	55.000	1,125	1,125	100.00
2021	25,786,330	12.000	0.000	1,727,683	1,727,684	100.00
2022	21,301,620	67.000	0.000	1,427,208	1,427,209	100.00
2023	20,750,360	67.000	0.000	1,390,274	1,390,072	99.99
Estimated for the Year Ending December 31, 2024	\$ 12,661,750	67.021	0.000	\$ 848,603	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.