

CERTIFICATION OF BUDGET

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Andrews Farm Metropolitan District No. 1, for the budget year ending December 31, 2023, as adopted on November 7, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Andrews Farm Metropolitan District No. 1, Weld County, Colorado, this 7th day of November, 2022.



Chair

(S E A L)

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ (2,740)	\$ 1,770,774	\$ 3,146,965
REVENUES			
Property taxes	1,727,684	1,427,209	1,390,274
Specific ownership tax	86,813	71,360	83,416
Developer advance	10,000	-	-
Intergovernmental revenues	-	1	1
Total revenues	<u>1,824,497</u>	<u>1,498,570</u>	<u>1,473,691</u>
Total funds available	<u>1,821,757</u>	<u>3,269,344</u>	<u>4,620,656</u>
EXPENDITURES			
General Fund	29,709	122,379	75,000
Debt Service Fund	21,274	-	-
Total expenditures	<u>50,983</u>	<u>122,379</u>	<u>75,000</u>
Total expenditures and transfers out requiring appropriation	<u>50,983</u>	<u>122,379</u>	<u>75,000</u>
ENDING FUND BALANCES	<u>\$ 1,770,774</u>	<u>\$ 3,146,965</u>	<u>\$ 4,545,656</u>
EMERGENCY RESERVE	<u>\$ 9,750</u>	<u>\$ 45,000</u>	<u>\$ 44,300</u>
TOTAL RESERVE	<u>\$ 9,750</u>	<u>\$ 45,000</u>	<u>\$ 44,300</u>

No assurance provided. See summary of significant assumptions.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Agricultural	\$ 4,070	\$ 4,240	\$ 3,860
State assessed	9,250	23,180	26,160
Oil and Gas	25,773,010	21,274,200	20,720,340
Certified Assessed Value	<u>\$ 25,786,330</u>	<u>\$ 21,301,620</u>	<u>\$ 20,750,360</u>
MILL LEVY			
General	12.000	67.000	67.000
Debt Service	55.000	0.000	0.000
Total mill levy	<u>67.000</u>	<u>67.000</u>	<u>67.000</u>
PROPERTY TAXES			
General	\$ 309,435	\$ 1,427,208	\$ 1,390,274
Debt Service	1,418,248	-	-
Levied property taxes	<u>1,727,683</u>	<u>1,427,208</u>	<u>1,390,274</u>
Adjustments to actual/rounding	2	1	-
Budgeted property taxes	<u>\$ 1,727,685</u>	<u>\$ 1,427,209</u>	<u>\$ 1,390,274</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 309,435</u>	<u>\$ 1,427,209</u>	<u>\$ 1,390,274</u>
Debt Service	<u>1,418,249</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,727,684</u>	<u>\$ 1,427,209</u>	<u>\$ 1,390,274</u>

No assurance provided. See summary of significant assumptions.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (2,740)	\$ 302,535	\$ 1,678,726
REVENUES			
Property taxes	309,435	1,427,209	1,390,274
Specific ownership tax	15,549	71,360	83,416
Developer advance	10,000	-	-
Intergovernmental revenues	-	1	1
Total revenues	334,984	1,498,570	1,473,691
Total funds available	332,244	1,801,105	3,152,417
EXPENDITURES			
General and administrative			
Accounting	13,129	19,000	19,000
Audit	-	3,950	4,500
County Treasurer's fee	4,642	21,408	20,854
Dues and licenses	549	547	750
Election	-	-	3,000
Insurance and bonds	5,058	5,558	6,500
Legal services	6,331	16,000	18,000
Repay developer advance	-	55,916	-
Contingency	-	-	2,396
Total expenditures	29,709	122,379	75,000
Total expenditures and transfers out requiring appropriation	29,709	122,379	75,000
ENDING FUND BALANCE	\$ 302,535	\$ 1,678,726	\$ 3,077,417
EMERGENCY RESERVE	\$ 9,750	\$ 45,000	\$ 44,300
TOTAL RESERVE	\$ 9,750	\$ 45,000	\$ 44,300

No assurance provided. See summary of significant assumptions.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 1,468,239	\$ 1,468,239
REVENUES			
Property taxes	1,418,249	-	-
Specific ownership tax	71,264	-	-
Total revenues	<u>1,489,513</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,489,513</u>	<u>1,468,239</u>	<u>1,468,239</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	21,274	-	-
Total expenditures	<u>21,274</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>21,274</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,468,239</u>	<u>\$ 1,468,239</u>	<u>\$ 1,468,239</u>

No assurance provided. See summary of significant assumptions.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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 has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.40% from 29.00%. Producing oil and gas remains at 87.50%. All other nonresidential property stays at 29.00%.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6.00% of the property taxes collected.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Intergovernmental Revenue – Transfer from Other Districts

The intergovernmental revenues are transferred from Andrews Farm Metropolitan District No. 2. The District will coordinate the payment of administrative expenditures for this district as well as the District's own administrative expenditures.

Expenditures

General and Administrative Expenditures

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Developer Advances

The District and Parkwood East LLC entered into an Operating Reimbursement Agreement on December 4, 2018, pursuant to which Parkwood East LLC agreed to advance funds at their discretion to fund the District's operations, maintenance and administrative expenses. The District agreed to repay the advances to the extent it has funds available from the imposition of its taxes, fees, rate, tolls, penalties, and charges and from any other revenue legally available, subject to annual budget and appropriation. Simple interest on each Advance accrues commencing as of the date of each Advance but in no event prior to the date the District was organized, at the rate of 8.00% per annum. Payments by the District shall first be applied to interest on, then to principal of the Advances. This term of the agreement shall end on the date the Advances have been paid in full or 40 years after December 4, 2018.

Effective November 1, 2021, Parkwood East LLC assigned the Operating Reimbursement Agreement to Andrews Farm Holdings LLC.

See reconciliation of estimated Developer Advances below:

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022
Developer Advances - Operating				
Principal	\$ 46,290	\$ -	\$ 46,290	\$ -
Interest	6,714	2,912	9,626	-
	<u>\$ 53,004</u>	<u>\$ 2,912</u>	<u>\$ 55,916</u>	<u>\$ -</u>

Debt and Leases

The District has no debt, and no operating or capital leases.

**ANDREWS FARM METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending for 2023 as defined under TABOR.

This information is an integral part of the accompanying budget.

ANDREWS FARM METROPOLITAN DISTRICT NO. 1

RESOLUTION TO ADOPT 2023 BUDGET

WHEREAS, the Board of Directors (the “**Board**”) of Andrews Farm Metropolitan District No. 1 (the “**District**”) has appointed a budget committee to prepare and submit a proposed 2023 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on November 7, 2022, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever decreases may have been made in the revenues, like decreases were made to the expenditures so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Andrews Farm Metropolitan District No. 1:

1. That estimated expenditures for each fund are as follows:

General Fund:	\$	75,000
Debt Service Fund:	\$	0
	Total	\$ 75,000

2. That estimated revenues are as follows:

<u>General Fund:</u>		
From unappropriated surpluses		\$1,678,726
From fund transfers		\$0
From sources other than general property tax		\$83,416
From general property tax		\$1,390,274
	Total	<hr/> \$3,152,417

<u>Debt Service Fund:</u>	
From unappropriated surpluses	\$1,468,239
From fund transfers	\$0
From sources other than general property tax	\$0
From general property tax	\$0
Total	\$1,468,239

3. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of the District for the 2023 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of money from property taxes necessary to balance the budget for general operating expenses is \$1,390,274; and

WHEREAS, the 2022 valuation for assessment of the District, as certified by the County Assessor, is \$20,750,360.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Andrews Farm Metropolitan District No. 1:

1. That for the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a property tax, inclusive of the mill levy for refunds and abatements, of 67.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$1,390,274.

2. That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the County Commissioners of Weld County, Colorado, the mill levies for the District as hereinabove determined and set, or as adjusted, if necessary, upon receipt of the final (December) certification of valuation from the county assessor in order to comply with any applicable revenue and other budgetary limits.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Andrews Farm Metropolitan District No. 1 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund:	\$75,000
Debt Service Fund	\$0
Total	<hr/> \$75,000

Adopted this 7th day of November, 2022.

ANDREWS FARM METROPOLITAN
DISTRICT NO. 1

By: _____
Chair

Attest:

Secretary