

JOHNSTOWN FARMS METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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Independent Auditor's Report

Board of Directors
Johnstown Farms Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Johnstown Farms Metropolitan District (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 Johnstown Farms Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is 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 financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate 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 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 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 included in the annual report. The other information is listed in the table of contents and 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 any form of 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 21, 2022

BASIC FINANCIAL STATEMENTS

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 69,891
Cash and Investments - Restricted	183,531
Receivable - County Treasurer	657
Property Taxes Receivable	<u>150,248</u>
Total Assets	<u>404,327</u>
LIABILITIES	
Accounts Payable	25,520
Accrued Interest Payable	6,295
Noncurrent Liabilities:	
Due Within One Year	25,000
Due in More Than One Year	<u>2,025,000</u>
Total Liabilities	<u>2,081,815</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	<u>150,248</u>
Total Deferred Inflows of Resources	<u>150,248</u>
NET POSITION	
Restricted for:	
Emergency Reserves	1,200
Debt Service	18,300
Unrestricted	<u>(1,847,236)</u>
Total Net Position	<u><u>\$ (1,827,736)</u></u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Fund
ASSETS			
Cash and Investments	\$ 69,891	\$ -	\$ 69,891
Cash and Investments - Restricted	1,200	182,331	183,531
Receivable - County Treasurer	151	506	657
Property Taxes Receivable	34,466	115,782	150,248
Total Assets	\$ 105,708	\$ 298,619	\$ 404,327
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 21,520	\$ 4,000	\$ 25,520
Total Liabilities	21,520	4,000	25,520
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	34,466	115,782	150,248
Total Deferred Inflows of Resources	34,466	115,782	150,248
FUND BALANCES			
Restricted for:			
Emergency Reserves	1,200	-	1,200
Debt Service	-	178,837	178,837
Assigned:			
For Subsequent Year's Expenditures	25,781	-	25,781
Unassigned	22,741	-	22,741
Total Fund Balances	49,722	178,837	228,559
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 105,708	\$ 298,619	

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.

Bonds Payable	(2,050,000)
Accrued Interest on Bonds Payable	(6,295)

Net Position of Governmental Activities

\$ (1,827,736)

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Fund</u>
REVENUES			
Property Taxes	\$ 36,260	\$ 121,806	\$ 158,066
Specific Ownership Taxes	1,820	6,114	7,934
Net Investment Income	44	97	141
Total Revenues	<u>38,124</u>	<u>128,017</u>	<u>166,141</u>
EXPENDITURES			
General:			
Accounting	25,560	-	25,560
Audit	4,500	-	4,500
County Treasurer's Fees	544	1,828	2,372
Dues and Licenses	345	-	345
Insurance and Dues	2,521	-	2,521
Legal	12,106	-	12,106
Miscellaneous	95	-	95
Debt Service:			
Paying Agent Fees	-	4,000	4,000
Bond Interest	-	76,464	76,464
Bond Principal	-	25,000	25,000
Total Expenditures	<u>45,671</u>	<u>107,292</u>	<u>152,963</u>
NET CHANGE IN FUND BALANCES	(7,547)	20,725	13,178
Fund Balances - Beginning of Year	<u>57,269</u>	<u>158,112</u>	<u>215,381</u>
FUND BALANCES - END OF YEAR	<u>\$ 49,722</u>	<u>\$ 178,837</u>	<u>\$ 228,559</u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$	13,178
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., Loans, 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 record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal Payment		25,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability		77
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Change in Net Position of Governmental Activities	\$	<u>38,255</u>
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**JOHNSTOWN FARMS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 36,263	\$ 36,263	\$ 36,260	\$ (3)
Specific Ownership Taxes	2,176	2,176	1,820	(356)
Net Investment Income	1,000	1,000	44	(956)
Total Revenues	<u>39,439</u>	<u>39,439</u>	<u>38,124</u>	<u>(1,315)</u>
EXPENDITURES				
Accounting	12,000	25,560	25,560	-
Auditing	5,000	4,500	4,500	-
County Treasurer's Fees	544	544	544	-
Dues and Licenses	500	345	345	-
Insurance and Bonds	3,000	2,521	2,521	-
Legal Services	12,000	12,106	12,106	-
Miscellaneous	500	95	95	-
Detention Pond Maintenance	3,500	3,500	-	3,500
Contingency	1,200	873	-	873
Total Expenditures	<u>38,244</u>	<u>50,044</u>	<u>45,671</u>	<u>4,373</u>
NET CHANGE IN FUND BALANCE	1,195	(10,605)	(7,547)	3,058
Fund Balance - Beginning of Year	<u>46,247</u>	<u>46,247</u>	<u>57,269</u>	<u>11,022</u>
FUND BALANCE - END OF YEAR	<u>\$ 47,442</u>	<u>\$ 35,642</u>	<u>\$ 49,722</u>	<u>\$ 14,080</u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Johnstown Farms Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Weld County, Colorado on December 10, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's boundaries are located entirely in the Town of Johnstown (Town), County of Weld, Colorado.

The District was established principally to finance the construction of various public improvements, including streets, traffic and safety signals, storm drainage, sewer, water, and park and recreation facilities (Public Improvements) for the use and benefit of all its residents and taxpayers within the District's boundaries. Upon completion of construction and installation of the Public Improvements, certain Public Improvements were dedicated to the Town or its designee for operation and maintenance.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
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 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 as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership 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 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 general obligation debt of the governmental funds.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale 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 Inflows 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.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 and Investments	\$ 69,891
Cash and Investments - Restricted	183,531
Total Cash and Investments	<u>\$ 253,422</u>

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

Deposits with Financial Institutions	\$ 26,363
Investments	227,059
Total Cash and Investments	<u>\$ 253,422</u>

Cash Deposits

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 balance and carrying balance of \$26,363.

Investments

The District has adopted an investment policy by which it 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.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 68,618
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	158,441
		<u>\$ 227,059</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2021, the District had \$68,618 invested in CSAFE in the name of the District.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in three portfolios, COLOTRUST PRIME COLOTRUST PLUS+, and COLOTRUST Edge. All portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AA Af/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2021, the District had \$158,441 invested in COLOTRUST PLUS+ in the name of the District.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

However, the District's investments are not measured at fair value and are therefore not required to be categorized within the fair value hierarchy. These investments include a 2a7-like external investment pool (CSAFE and Colotruster). The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

CSAFE's primary goal is to maintain \$1.00 per share NAV. Many funds utilize the amortized cost method but CSAFE does not take this approach. CSAFE prices its portfolio on a weekly basis using a third-party pricing entity to determine if the pool's NAV deviates materially from \$1.00 per share. CSAFE has in place a NAV monitoring policy to take action if a material variation exists.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investment Valuation (Continued)

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Direct Borrowing					
Bonds Payable:					
G.O. Limited Tax Bonds, Series 2020	\$ 2,075,000	\$ -	\$ 25,000	\$ 2,050,000	\$ 25,000
Total Long-Term Obligations	<u>\$ 2,075,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 2,050,000</u>	<u>\$ 25,000</u>

The details of the District's general obligation bonds outstanding during 2021 are as follows:

General Obligation Limited Tax Bonds, Series 2020

On September 16, 2020, the District issued its General Obligation Limited Tax Bonds, Series 2020 (Series 2020 Bonds), in the principal amount of \$2,100,000. The Series 2020 Bonds are a term bond and bear an interest rate of 3.685%, with interest payable semi-annually on June 1 and December 1, with annual sinking fund principal payments beginning December 1, 2020. The Series 2020 Bonds mature on December 1, 2049. The Series 2020 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in part on December 1, 2030, and on any date thereafter, upon payment of the principal amount of the bonds to be redeemed together with accrued interest, without redemption premiums.

The Series 2020 Bonds are secured by and payable solely from pledged revenue, which includes property taxes derived from the required mill levy net of the cost of collection, specific ownership taxes and any other legally available moneys of the District. The Series 2020 Bonds were issued for the purpose of (i) paying or reimbursing Prior Costs (as discussed above) (ii) funding the Reserve Fund and (iii) paying the costs of issuance of the Bonds.

Significant events of default under the Series 2020 Bonds include (i) failure to impose required mill levy or apply required pledged revenue, (ii) failure to meet financial or custodial agreement covenants and (iii) filing of a petition for bankruptcy.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2020 (Continued)

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2020 Bonds:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,000	\$ 75,543	\$ 100,543
2023	30,000	74,621	104,621
2024	30,000	73,516	103,516
2025	35,000	72,410	107,410
2026	35,000	71,121	106,121
2027 - 2031	220,000	333,862	553,862
2032 - 2036	290,000	288,535	578,535
2037 - 2041	385,000	228,101	613,101
2042 - 2046	490,000	149,979	639,979
2047 - 2049	510,000	43,851	553,851
Total	<u>\$ 2,050,000</u>	<u>\$ 1,411,539</u>	<u>\$ 3,461,539</u>

Authorized Debt

On November 6, 2007, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$28,500,000 for general obligation bonds and loans. The District's service plan, however, established a total debt limit for the District of \$5,600,000 (Service Plan Debt Limit). Upon exclusion of certain property from the District during 2020, the Town and the District agreed to reduce the Service Plan Debt Limit to \$2,100,000. As a result of the issuance of the Series 2020 Bonds, the District has no remaining debt authorized under the Service Plan Debt Limit.

NOTE 5 FUND EQUITY

At December 31, 2021, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,200 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$178,837 is to be used exclusively for debt service requirements (see Note 4).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$25,781 is to be used for budgeted expenditures in the subsequent year.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

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

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,200
Debt Service	18,300
Total Restricted Net Position	\$ 19,500

The District has a deficit in unrestricted net position. This deficit is primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

NOTE 7 RELATED PARTIES

The property within the District is being developed by TF Johnstown Farms, L.P. (Developer). During 2021, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

NOTE 8 RISK MANAGEMENT

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

The 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, 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.

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATION

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2007, a majority of the District's electors authorized the District to collect, spend, or retain annually any and all amounts from any revenue sources without regard to any limitation imposed by TABOR.

On November 6, 2007, the District's voters approved for an annual increase in taxes of \$500,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District'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

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 121,818	\$ 121,818	\$ 121,806	\$ (12)
Specific Ownership Taxes	7,309	7,309	6,114	(1,195)
Interest Income	150	150	97	(53)
Total Revenues	<u>129,277</u>	<u>129,277</u>	<u>128,017</u>	<u>(1,260)</u>
EXPENDITURES				
County Treasurer's Fees	1,828	1,828	1,828	-
Paying Agent Fees	2,500	4,000	4,000	-
Bond Interest	76,464	76,464	76,464	-
Bond Principal	25,000	25,000	25,000	-
Contingency	3,900	2,401	-	2,401
Total Expenditures	<u>109,692</u>	<u>109,693</u>	<u>107,292</u>	<u>2,401</u>
NET CHANGE IN FUND BALANCE	19,585	19,584	20,725	1,141
Fund Balance - Beginning of Year	<u>158,111</u>	<u>158,111</u>	<u>158,112</u>	<u>1</u>
FUND BALANCE - END OF YEAR	<u>\$ 177,696</u>	<u>\$ 177,695</u>	<u>\$ 178,837</u>	<u>\$ 1,142</u>

OTHER INFORMATION

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$2,100,000 General Obligation Limited Tax Bonds
Series 2020, Dated September 16, 2020
Interest Rate 3.685%

Year Ending December 31,	Interest Payable June 1 and December 1		
	Principal	Interest	Total
2022	\$ 25,000	\$ 75,543	\$ 100,543
2023	30,000	74,621	104,621
2024	30,000	73,516	103,516
2025	35,000	72,410	107,410
2026	35,000	71,121	106,121
2027	40,000	69,831	109,831
2028	40,000	68,357	108,357
2029	45,000	66,883	111,883
2030	45,000	65,225	110,225
2031	50,000	63,566	113,566
2032	50,000	61,724	111,724
2033	55,000	59,881	114,881
2034	60,000	57,855	117,855
2035	60,000	55,643	115,643
2036	65,000	53,432	118,432
2037	70,000	51,037	121,037
2038	75,000	48,458	123,458
2039	75,000	45,694	120,694
2040	80,000	42,930	122,930
2041	85,000	39,982	124,982
2042	90,000	36,850	126,850
2043	90,000	33,533	123,533
2044	100,000	30,217	130,217
2045	100,000	26,532	126,532
2046	110,000	22,847	132,847
2047	110,000	18,793	128,793
2048	120,000	14,740	134,740
2049	280,000	10,318	290,318
Total	\$ 2,050,000	\$ 1,411,539	\$ 3,461,539

**JOHNSTOWN FARMS METROPOLITAN DISTRICT
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 for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
		2017	\$ 2,519,840	40.000	0.000	
2018	2,680,720	40.000	0.000	107,229	107,229	100.00
2019	2,780,110	40.000	0.000	111,204	111,204	100.00
2020	3,301,180	40.000	0.000	132,047	132,047	100.00
2021	3,626,280	10.000	33.593	158,081	158,066	99.99
Estimated for the Year Ending December 31, 2022	\$ 3,446,620	10.000	33.593	\$ 150,248		

NOTE:

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