

TOWN OF JOHNSTOWN, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2016



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TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Title Page	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	
Management's Discussion and Analysis	i - viii
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position –Proprietary Fund Type	6
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund Type	7
Statement of Cash Flows - Proprietary Fund Type	8
Notes to Financial Statements	9 – 32

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information	
General Fund - Budgetary Comparison Schedule	33
Impact Fee Fund - Budgetary Comparison Schedule	34
Use Tax Capital Improvement Fund - Budgetary Comparison Schedule	35
Schedule of the Town's Proportionate Share	36
Schedule of the Town's Contributions	37
Combining and Individual Fund Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	39
Library Fund – Budgetary Comparison Schedule	40
Cemetery Fund – Budgetary Comparison Schedule	41
Paving Fee Fund – Budgetary Comparison Schedule	42
Johnson's Corner Capital Improvement Fund - Budgetary Comparison Schedule	43
Conservation Trust Fund - Budgetary Comparison Schedule	44
Water Fund - Budgetary Comparison Schedule	45
Wastewater Fund - Budgetary Comparison Schedule	46
Drainage Fund - Budgetary Comparison Schedule	47
STATE COMPLIANCE	
Local Highway Finance Report	48 – 49

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the Town Council
Town of Johnstown
Johnstown, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Johnstown, Colorado, as of and for the year ended December 31, 2016, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town of Johnstown, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Johnstown, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 33-37 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Johnstown's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The 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 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 combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luthr & Associates, LLC

September 28, 2017

As management of the Town of Johnstown (“Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities for the calendar year ending December 31, 2016. We encourage readers to consider this information in conjunction with the additional information presented in our basic financial statements to better understand the financial position of the Town of Johnstown.

On November 7, 2000, the taxpayers approved a ballot question to remove the TABOR limits that were imposed on the Town in 1992. The mill levy for 2016 was set at 23.947 mills.

A. FINANCIAL HIGHLIGHTS

- Assets and deferred outflow of resources for the Town exceeded liabilities and deferred inflow of resources by \$129 million, an increase of \$16 million, or 14 percent.
- As of December 31, 2016, net position for governmental activities was \$83.1 million. Business type activities reported a net position of \$46.1 million, up \$4 million or 10 percent from December 31, 2015.
- The Town had \$6,017,709 in expenses related to governmental activities, which were offset by general revenues consisting of property taxes, use taxes, sales taxes and charges for services in the amount of \$17,569,005.
- Sales, use and property tax revenues totaled \$11,047,393. Property tax revenue and sales tax revenue increased by 26% from 2015. Use tax revenue increased by \$1,110,700 or approximately 49% over 2015. This increase is attributable to a moderate number of residential and commercial building permits being issued in 2016.
- Income from water, wastewater and storm water charges for service totaled \$5,036,697. The cost of providing these services was \$2,997,923.
- The Town’s unassigned fund balance of the General Fund was \$13,527,956, while committed fund balance totaled \$23,551,330 of which \$1,391,331 was for contingencies and \$2,159,999 for equipment replacement. The Town Council has committed \$20,000,000 toward the construction of a Community/Recreation Center. The unassigned portion of the fund balance is available to meet the Town’s reserve requirements and future spending at the Town’s discretion.
- Major capital assets include street improvements, water distribution and plant improvements, improvements to various parks, acquisition of public works equipment, police vehicles and equipment.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the town's finances in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the Town's overall financial status.

The *Statement of Net Position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories reported as net position. Throughout time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent budget year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The governmental activities include the following: general government (administration, legislative, court and planning and zoning), public safety (police and building inspections), public works, health and welfare (cemetery and code enforcement) culture and recreation (senior activities, parks and cemetery). The business-type activities include water, wastewater and drainage.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. The Town funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds – Most of the Town's basic services are included in governmental funds, which generally focus on: (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending.

Consequently, the governmental funds statements provide a detailed short-term view that help determine financial resources that may be available in the near term to finance Town programs. Because this information does not encompass the long-term focus of the Town's statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

Proprietary funds - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater and drainage operations which are considered to be major funds.

Notes to financial statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the supplemental data required for non-major fund information and budgetary comparison schedules.

Capital Assets

Beginning with the 2003 financial statements, the Town must comply with capital assets reporting requirements as specified in *Governmental Accounting Standards Board Statement 34 (GASB34)*. One of the requirements is to report capital assets in the government-wide financial statements. The Town has complied with these requirements. Accordingly, the government-wide financial statements include information about capital assets and infrastructure and their related expenses. The Town of Johnstown's net investment in Capital Assets totals \$28,240,921 (e.g. land, buildings and water shares, etc.) The Town uses these assets to provide services to citizens; consequently these assets are not available for future spending.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position for the year ending December 31, 2016 increased \$15,716,359 or approximately fourteen percent (14%) from the prior fiscal year. The Statement of Net Position table below provides a summary of the Town's net position at December 31, 2016 with comparisons to 2015.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current & other assets	\$78,252,402	\$64,253,303	\$ 29,592,274	\$25,311,418	\$107,844,676	\$89,564,721
Capital assets	11,422,841	11,252,265	16,818,080	17,034,419	28,240,921	28,286,684
Total Assets	89,675,243	75,505,568	46,410,354	42,345,837	136,085,597	117,851,405
Current Liabilities	2,470,039	490,172	252,513	273,706	2,722,552	763,878
Noncurrent Liabilities		0	0	0	0	0
Total Liabilities	2,470,039	490,172	252,513	273,706	2,722,552	763,878
Deferred Inflows of Resources:	4,200,665	3,527,937	0	0	4,200,665	3,527,937
Net Position:						
Net Investment in Capital Assets	11,422,841	11,252,265	16,818,080	17,034,419	28,240,921	28,286,684
net of related debt	0	0	0	0	0	0
Restricted	530,000	425,000	0	-	530,000	425,000
Unrestricted	71,212,493	59,857,420	29,339,761	25,037,712	100,552,254	84,895,132
Total Net Position	\$83,165,334	\$71,534,685	\$ 46,157,841	\$42,072,131	\$129,323,175	\$ 113,606,816

It should be noted the unrestricted portion of net position may be used to meet the Town's ongoing obligations to residents and creditors.

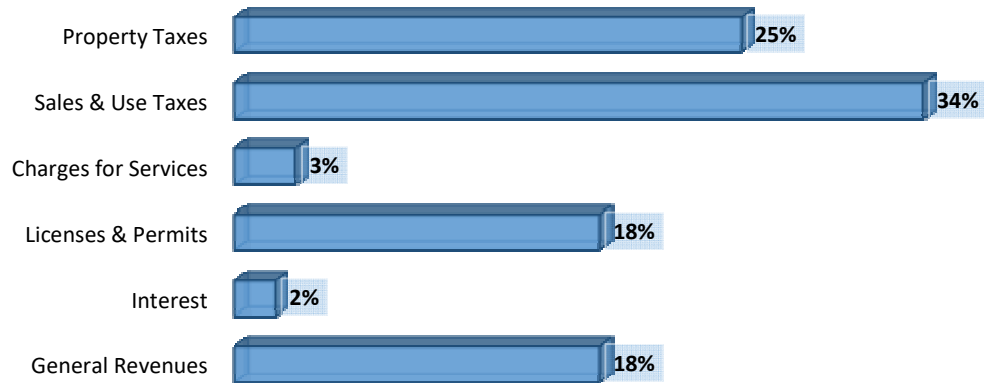
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 621,619	\$ 537,908	\$4,693,704	\$4,520,701	\$5,315,323	\$5,058,609
Operating grants	0	0	0	0	0	0
Capital contributions	0	0	1,809,198	1,656,761	1,809,198	1,656,761
General revenues:						
Property taxes	4,467,350	3,501,722	0	0	4,467,350	3,501,722
Sales and use taxes	6,580,043	4,716,677	0	0	6,580,043	4,716,677
Licenses & Permits	3,167,806	2,571,703	0	0	3,167,806	2,571,703
Interest Income	247,461	179,783	141,752	74,508	389,213	254,291
Miscellaneous	2,484,726	2,624,815	342,993	562,257	2,827,719	3,187,072
Total revenues	17,569,005	14,132,608	6,987,647	6,814,227	24,556,652	20,946,835
Expenses:						
General Government	603,998	589,263	-	-	603,998	589,263
Public Safety	1,846,690	1,845,151	-	-	1,846,690	1,845,151
Public Works	2,060,208	2,988,960	-	-	2,060,208	2,988,960
Health and Welfare	116,436	99,220	-	-	116,436	99,220
Culture and Recreation	839,953	856,898	-	-	839,953	856,898
Capital Outlay	550,424	238,547	-	-	550,424	238,547
Drainage Fund	-	-	130,143	136,756	130,143	136,756
Water	-	-	1,546,638	1,537,506	1,546,638	1,537,506
Wastewater	-	-	1,321,142	1,155,384	1,321,142	1,155,384
Total expenses	6,017,709	6,618,039	2,997,923	2,829,646	9,015,632	9,447,685
Transfers In (Out)	(95,986)	(96,826)	95,986	96,826	0	0
Change in Net Position	11,455,310	7,417,743	4,085,710	4,081,407	15,541,020	11,499,150
Net Position – Beginning	\$60,158,721	\$52,740,978	\$42,072,131	\$37,990,724	\$102,230,852	\$90,731,702
Net Position – Ending	\$71,614,031	\$60,158,721	\$46,157,841	\$42,072,131	\$117,771,872	\$102,230,852

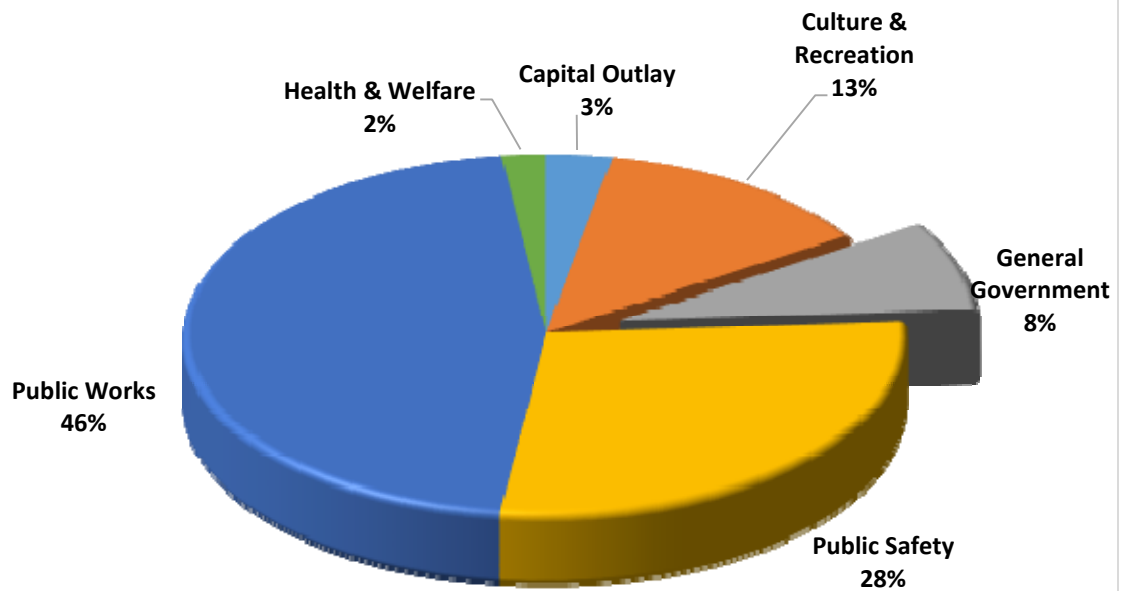
The Town's overall net position increased by \$11,499,150 from the prior budget year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current year, the net position for governmental activities increased \$11,455,310 from 2015, for an ending balance of \$71,614,031. Property tax revenue increased by \$965,628 from the prior year. The following revenues, charges for services, sales and use tax, licenses and permits and interest income increased by \$2,610,858 from the prior year. However miscellaneous revenue decreased by \$140,089. Overall revenues exceeded budget projections by \$8,079,635 or approximately eighty-five percent (85%). Governmental expenses decreased by a total of \$600,330 from 2015. Additionally, Charts 1 and 2 below provide further illustration regarding the Town's composition of governmental revenues and expenses for 2016.

2016 GOVERNMENTAL ACTIVITIES PERCENTAGE OF REVENUES BY TYPE

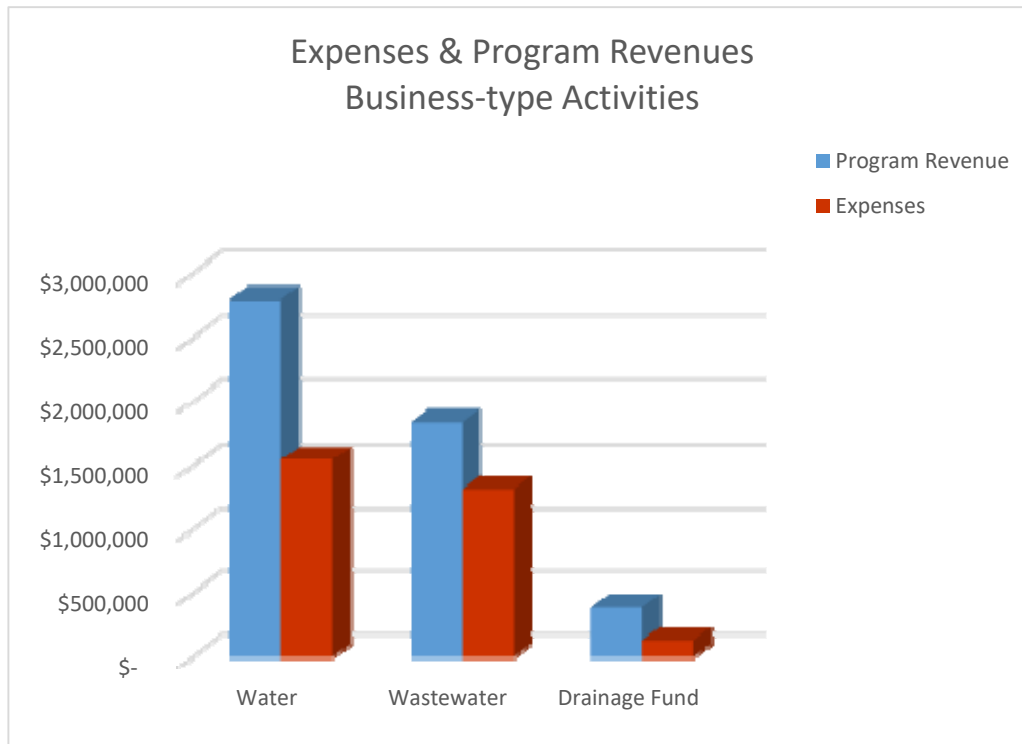


2016 GOVERNMENTAL ACTIVITIES PERCENTAGE OF EXPENSES BY TYPE



Business-type Activities. The Town's business-type activities results for the current year were positive in that the overall net position increased \$4,085,710 for an ending balance of \$46,157,841.

The following illustrates the business-type activities program revenues and expenses:



D. FINANCIAL ANALYSIS OF TOWN FUNDS

General Fund –

The purpose of the general fund is to account for the routine operational activities of the Town. This fund provides for functional areas of the organization as follows: general government, public safety, public works, etc. The primary funding sources for the general fund are sales and property taxes, fines, and charges for services.

General Fund Budgetary Highlights -

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the general fund anticipated revenues would exceed expenditures by \$932,800. The actual results for the year show revenues exceeding expenditures by \$6,785,707. The excess revenue increases the fund balance and may be used in future years by the Town.

The Town's budget format is designed to establish and monitor divisional functions of the Town's operations to more closely align expenses with the areas of responsibility. The actual approval of appropriations by the Town council is at the fund level, and the divisional functions used in the budget are for presentation and management control purposes. These divisions are set up as cost centers for accountability in each of the following areas:

- General Government
- Public Safety
- Public Works
- Health and Welfare
- Culture and Recreation

The Town must maintain a three percent (3%) emergency reserve as part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2015 the Town's TABOR reserve totaled \$530,000.

E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2015, totaled \$28,240,000.

Major capital expenditures during 2016 included:

Police vehicles/equipment	\$ 145,000
Public works equipment	154,700
Water distribution & plant improvements	376,200
Street improvements	367,400

F. THE FUTURE OF THE TOWN

The Town of Johnstown's financial position remains stable. Revenues continue to exceed expenditures. Sales tax revenues will increase with the growth of new retail and commercial development. Also, voters approved a three percent (3%) Lodging Tax in 2015, which will be used in the General Fund for various municipal purposes to include police protection services, community and economic development services, community events and beautification projects. Currently, the Town's building permit valuation and issuance drives a significant portion of the budget revenue for corresponding capital expenditures. The Town receives capital revenue from impact fees and use tax during the year which is used to construct capital assets to serve the Town's residents. A decrease in building permits would have an adverse effect on impact fees and use tax revenues as well as corresponding capital projects.

G. CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's officials, citizens, taxpayers and those with an interest in the Town's finances with a general overview of the Town's finances, and to demonstrate the town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at the Town of Johnstown, 450 S. Parish, PO Box 609, Johnstown, Colorado 80534.

BASIC FINANCIAL STATEMENTS

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2016

	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2016	2015
ASSETS				
Cash and Investments	\$ 71,391,510	\$ 29,219,777	\$ 100,611,287	\$ 84,706,357
Restricted Cash and Investments	2,127,067	-	2,127,067	388,727
Receivables				
Property Taxes	4,197,467	-	4,197,467	3,525,729
Sales and Other	555,872	2,497	558,369	402,855
Accounts	-	348,867	348,867	433,717
Interfund Amounts	(21,133)	21,133	-	-
Net Pension Asset	1,619	-	1,619	107,336
Capital Assets, Not Depreciated	342,595	3,024,654	3,367,249	3,124,287
Capital Assets, Depreciated				
Net of Accumulated Depreciation	11,080,246	13,793,426	24,873,672	25,162,397
TOTAL ASSETS	89,675,243	46,410,354	136,085,597	117,851,405
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	160,795	-	160,795	47,226
LIABILITIES				
Accounts Payable	391,765	167,998	559,763	264,644
Accrued Salaries and Benefits	72,679	25,870	98,549	89,473
Developer Escrow	1,974,841	-	1,974,841	255,677
Deposits	-	42,994	42,994	92,672
Noncurrent Liabilities				
Accrued Compensated Absences	30,754	15,651	46,405	61,412
TOTAL LIABILITIES	2,470,039	252,513	2,722,552	763,878
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	3,198	-	3,198	2,211
Deferred Property Tax Revenue	4,197,467	-	4,197,467	3,525,726
TOTAL DEFERRED INFLOWS OF RESOURCES	4,200,665	-	4,200,665	3,527,937
NET POSITION				
Net Investment in Capital Assets	11,422,841	16,818,080	28,240,921	28,286,684
Restricted for Emergencies	530,000	-	530,000	425,000
Unrestricted	71,212,493	29,339,761	100,552,254	84,895,132
TOTAL NET POSITION	\$ 83,165,334	\$ 46,157,841	\$ 129,323,175	\$ 113,606,816

The accompanying notes are an integral part of the financial statements.

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 746,814	\$ 1,658,776	\$ -	\$ -
Public Safety	1,798,705	172,567	-	-
Public Works	2,234,710	2,065,149	-	536,088
Health and Welfare	116,436	65,500	360,735	74,194
Culture and Recreation	911,551	-	-	-
Total Governmental Activities	5,808,216	3,961,992	360,735	610,282
Business-Type Activities				
Water	1,546,638	2,806,740	-	1,587,158
Wastewater	1,321,142	1,838,966	-	222,040
Drainage	130,143	390,991	-	-
Total Business-Type Activities	2,997,923	5,036,697	-	1,809,198
Total Primary Government	\$ 8,806,139	\$ 8,998,689	\$ 360,735	\$ 2,419,480

GENERAL REVENUES

Sales Taxes
Property Taxes
Franchise Taxes
Other Taxes
Interest
Other

TRANSFERS

TOTAL GENERAL REVENUES
AND TRANSFERS

CHANGE IN NET POSITION

Prior Period Adjustment

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL BUSINESS-TYPE		TOTALS	
ACTIVITIES	ACTIVITIES	2016	2015
\$ 911,962	\$ -	\$ 911,962	\$ 392,957
(1,626,138)	-	(1,626,138)	(1,772,805)
366,527	-	366,527	(736,213)
383,993	-	383,993	415,596
(911,551)	-	(911,551)	(923,692)
(875,207)	-	(875,207)	(2,624,157)
-	2,847,260	2,847,260	2,820,446
-	739,864	739,864	730,601
-	260,848	260,848	359,026
-	3,847,972	3,847,972	3,910,073
(875,207)	3,847,972	2,972,765	1,285,916
6,648,966	-	6,648,966	4,789,085
4,785,508	-	4,785,508	3,912,183
400,561	-	400,561	395,387
364,114	-	364,114	509,142
247,461	141,752	389,213	254,291
155,232	-	155,232	141,083
(95,986)	95,986	-	-
12,505,856	237,738	12,743,594	10,001,171
11,630,649	4,085,710	15,716,359	11,287,087
-	-	-	(100,934)
71,534,685	42,072,131	113,606,816	102,420,663
<u>\$ 83,165,334</u>	<u>\$ 46,157,841</u>	<u>\$ 129,323,175</u>	<u>\$ 113,606,816</u>

TOWN OF JOHNSTOWN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds
ASSETS				
Cash and Investments	\$ 36,667,101	\$ 12,946,826	\$ 17,374,876	\$ 4,402,707
Restricted Cash and Investments	2,127,067	-	-	-
Taxes Receivable	4,197,467	-	-	-
Accounts Receivable	484,650	-	62,095	9,127
Due from Other Funds	-	-	3,789	3,743
TOTAL ASSETS	<u>\$ 43,476,285</u>	<u>\$ 12,946,826</u>	<u>\$ 17,440,760</u>	<u>\$ 4,415,577</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 136,193	\$ 160,514	\$ 10,555	\$ 84,503
Accrued Liabilities	63,622	-	-	9,057
Developer Escrows and Deposits	1,974,841	-	-	-
Due to Other Funds	24,876	-	-	3,789
TOTAL LIABILITIES	<u>2,199,532</u>	<u>160,514</u>	<u>10,555</u>	<u>97,349</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	<u>4,197,467</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	530,000	-	-	-
Restricted for Culture and Recreation	-	-	-	1,892,151
Restricted for Parks & Recreation	-	-	-	2,313,966
Restricted for Capital Improvements	-	12,786,312	12,430,205	2,805
Restricted for Cemetery Maintenance	-	-	-	109,306
Committed for Contingencies	1,391,331	-	-	-
Committed for Equipment Replacement	2,159,999	-	-	-
Committed for Recreation Center	20,000,000	-	5,000,000	-
Unassigned	<u>12,997,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u>37,079,286</u>	<u>12,786,312</u>	<u>17,430,205</u>	<u>4,318,228</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	<u>\$ 43,476,285</u>	<u>\$ 12,946,826</u>	<u>\$ 17,440,760</u>	<u>\$ 4,415,577</u>

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the fund. These include Accrued Compensated Absences (\$30,754), Net Pension Asset \$1,619, Deferred Outflows Related to Pensions \$160,795, and Deferred Inflows Related to Pensions of (\$3,198).

Net position of governmental activities

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	
2016	2015
\$ 71,391,510	\$ 59,852,286
2,127,067	388,727
4,197,467	3,525,729
555,872	400,358
7,532	7,532
<u>\$ 78,279,448</u>	<u>\$ 64,174,632</u>

\$ 391,765	\$ 141,198
72,679	64,645
1,974,841	255,677
28,665	28,665
<u>2,467,950</u>	<u>490,185</u>

<u>4,197,467</u>	<u>3,525,726</u>
------------------	------------------

530,000	425,000
1,892,151	1,794,308
2,313,966	2,163,763
25,219,322	25,271,490
109,306	105,031
1,391,331	1,232,070
2,159,999	1,426,894
25,000,000	-
<u>12,997,956</u>	<u>27,740,165</u>
<u>71,614,031</u>	<u>60,158,721</u>

11,422,841	11,252,265
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<u>128,462</u>	<u>123,699</u>
<u>\$ 83,165,334</u>	<u>\$ 71,534,685</u>

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds
REVENUES				
Taxes and Fees	\$ 8,568,374	\$ -	\$ 3,417,716	\$ 213,059
Licenses and Permits	1,037,157	2,065,149	-	65,500
Intergovernmental	536,088	-	-	434,929
Charges for Services	621,619	-	-	-
Fines and Forfeitures	172,567	-	-	-
Interest Income	82,035	63,292	87,437	14,697
Miscellaneous	171,429	-	-	17,957
TOTAL REVENUES	<u>11,189,269</u>	<u>2,128,441</u>	<u>3,505,153</u>	<u>746,142</u>
EXPENDITURES				
General Government	603,998	-	-	-
Public Safety	1,693,843	152,847	-	-
Public Works	1,366,522	70,529	480,157	143,000
Health and Welfare	116,436	-	-	-
Culture and Recreation	351,761	-	-	488,192
Capital Outlay	271,002	-	-	279,422
TOTAL EXPENDITURES	<u>4,403,562</u>	<u>223,376</u>	<u>480,157</u>	<u>910,614</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,785,707</u>	<u>1,905,065</u>	<u>3,024,996</u>	<u>(164,472)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	43,350	-	42,864	391,700
Transfers Out	<u>(573,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(530,550)</u>	<u>-</u>	<u>42,864</u>	<u>391,700</u>
NET CHANGE IN FUND BALANCES	6,255,157	1,905,065	3,067,860	227,228
FUND BALANCES, Beginning	30,824,129	10,881,247	14,362,345	4,091,000
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 37,079,286</u>	<u>\$ 12,786,312</u>	<u>\$ 17,430,205</u>	<u>\$ 4,318,228</u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	
2016	2015
\$ 12,199,149	\$ 9,605,797
3,167,806	2,571,703
971,017	951,952
621,619	537,908
172,567	144,382
247,461	179,783
189,386	141,083
<u>17,569,005</u>	<u>14,132,608</u>
603,998	589,263
1,846,690	1,845,151
2,060,208	2,988,960
116,436	99,220
839,953	856,898
550,424	238,547
<u>6,017,709</u>	<u>6,618,039</u>
<u>11,551,296</u>	<u>7,514,569</u>
477,914	458,733
<u>(573,900)</u>	<u>(555,559)</u>
<u>(95,986)</u>	<u>(96,826)</u>
11,455,310	7,417,743
60,158,721	52,841,912
<u>-</u>	<u>(100,934)</u>
<u>\$ 71,614,031</u>	<u>\$ 60,158,721</u>

TOWN OF JOHNSTOWN, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds \$ 11,455,310

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$672,795, exceeded depreciation (\$468,065) and loss on disposal of assets (\$34,154). 170,576

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes change in accrued compensated absences. (2,102)

Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized. 6,865

Change in Net Position of Governmental Activities \$ 11,630,649

The accompanying notes are an integral part of the financial statements.

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUND TYPE

As of December 31, 2016

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2016	2015
ASSETS					
Current Assets					
Cash and Investments	\$ 17,346,419	\$ 9,339,703	\$ 2,533,655	\$ 29,219,777	\$ 24,854,071
Accounts Receivable, net	39,695	259,262	49,910	348,867	433,717
Inventory	2,497	-	-	2,497	2,497
Due from Other Funds	-	-	21,133	21,133	21,133
Total Current Assets	17,388,611	9,598,965	2,604,698	29,592,274	25,311,418
Noncurrent Assets					
Capital Assets, net of Accumulated Depreciation	11,514,139	5,303,941	-	16,818,080	17,034,419
TOTAL ASSETS	28,902,750	14,902,906	2,604,698	46,410,354	42,345,837
LIABILITIES					
Current Liabilities					
Accounts Payable	57,657	107,253	3,088	167,998	123,446
Accrued Expenses	10,265	13,301	2,304	25,870	24,828
Accrued Compensated Absences	7,092	8,559	-	15,651	32,760
Total Current Liabilities	75,014	129,113	5,392	209,519	181,034
Noncurrent Liabilities					
Deposits	42,994	-	-	42,994	92,672
Total Noncurrent Liabilities	42,994	-	-	42,994	92,672
TOTAL LIABILITIES	118,008	129,113	5,392	252,513	273,706
NET POSITION					
Net Investment in Capital Assets	11,514,139	5,303,941	-	16,818,080	17,034,419
Unrestricted	17,270,603	9,469,852	2,599,306	29,339,761	25,037,712
TOTAL NET POSITION	\$ 28,784,742	\$ 14,773,793	\$ 2,599,306	\$ 46,157,841	\$ 42,072,131

The accompanying notes are an integral part of the financial statements.

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2016

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2016	2015
OPERATING REVENUES					
Charges for Services	\$ 2,546,993	\$ 1,755,720	\$ 390,991	\$ 4,693,704	\$ 4,520,701
Miscellaneous	259,747	83,246	-	342,993	562,257
TOTAL OPERATING REVENUES	2,806,740	1,838,966	390,991	5,036,697	5,082,958
OPERATING EXPENSES					
Administration	163,222	174,767	78,304	416,293	445,257
Operations	1,056,072	997,511	51,839	2,105,422	1,943,681
Depreciation	327,344	148,864	-	476,208	440,708
TOTAL OPERATING EXPENSES	1,546,638	1,321,142	130,143	2,997,923	2,829,646
OPERATING INCOME	1,260,102	517,824	260,848	2,038,774	2,253,312
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	70,116	56,314	15,322	141,752	74,508
TOTAL NON-OPERATING REVENUES (EXPENSES)	70,116	56,314	15,322	141,752	74,508
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,330,218	574,138	276,170	2,180,526	2,327,820
Capital Contributions	1,587,158	222,040	-	1,809,198	1,656,761
Transfers In	182,200	-	-	182,200	182,200
Transfers Out	(86,214)	-	-	(86,214)	(85,374)
NET INCOME	3,013,362	796,178	276,170	4,085,710	4,081,407
NET POSITION, Beginning	25,771,380	13,977,615	2,323,136	42,072,131	37,990,724
NET POSITION, Ending	\$ 28,784,742	\$ 14,773,793	\$ 2,599,306	\$ 46,157,841	\$ 42,072,131

The accompanying notes are an integral part of the financial statements.

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended December 31, 2016
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 2,926,073	\$ 1,809,285	\$ 386,189	\$ 5,121,547	\$ 4,923,595
Cash Paid to Suppliers	(1,228,086)	(1,137,246)	(127,898)	(2,493,230)	(2,371,153)
Net Cash Provided by Operating Activities	<u>1,697,987</u>	<u>672,039</u>	<u>258,291</u>	<u>2,628,317</u>	<u>2,552,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and Equipment	(242,809)	(17,060)	-	(259,869)	(838,714)
Capital Contributions	1,587,158	222,040	-	1,809,198	1,656,761
Deposits from Customers	(49,678)	-	-	(49,678)	92,672
Payments from Other Funds	182,200	-	-	182,200	186,302
Payments to Other Funds	(86,214)	-	-	(86,214)	(273,441)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,390,657</u>	<u>204,980</u>	<u>-</u>	<u>1,595,637</u>	<u>823,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	<u>70,116</u>	<u>56,314</u>	<u>15,322</u>	<u>141,752</u>	<u>74,508</u>
Net Cash Provided by Investing Activities	<u>70,116</u>	<u>56,314</u>	<u>15,322</u>	<u>141,752</u>	<u>74,508</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,158,760	933,333	273,613	4,365,706	3,450,530
CASH AND INVESTMENTS, Beginning	<u>14,187,659</u>	<u>8,406,370</u>	<u>2,260,042</u>	<u>24,854,071</u>	<u>21,403,541</u>
CASH AND INVESTMENTS, Ending	<u>\$ 17,346,419</u>	<u>\$ 9,339,703</u>	<u>\$ 2,533,655</u>	<u>\$ 29,219,777</u>	<u>\$ 24,854,071</u>
OPERATING ACTIVITIES					
Operating Income	\$ 1,260,102	\$ 517,824	\$ 260,848	\$ 2,038,774	\$ 2,253,312
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Amortization	327,344	148,864	-	476,208	440,708
Changes in Assets and Liabilities					
Accounts Receivable	119,333	(29,681)	(4,802)	84,850	(159,363)
Inventory	-	-	-	-	-
Accounts Payable	(1,476)	43,146	2,882	44,552	(8,055)
Accrued Expenses	679	1,000	(637)	1,042	(6,920)
Accrued Compensated Absences	(7,995)	(9,114)	-	(17,109)	32,760
Total Adjustments	<u>437,885</u>	<u>154,215</u>	<u>(2,557)</u>	<u>589,543</u>	<u>299,130</u>
Net Cash Provided by Operating Activities	<u>\$ 1,697,987</u>	<u>\$ 672,039</u>	<u>\$ 258,291</u>	<u>\$ 2,628,317</u>	<u>\$ 2,552,442</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Johnstown, Colorado, is a Colorado Home Rule Town and was organized on March 21, 1907. The Town is administered by an elected Mayor and Town Council.

The Town provides the following services to the residents and businesses: public safety, highways and streets, sanitation, water, culture and recreation, public improvements, planning and zoning, judicial, and general administrative services.

The accounting policies of the Town of Johnstown, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the Town of Johnstown has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 and proprietary 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental funds:

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

The *Impact Fee Fund* is a special revenue fund that was established to account for all impact fee revenues specifically earmarked for maintenance and improvements.

The *Use Tax Capital Improvement Fund* is a special revenue fund that was created to account for various maintenance and capital projects throughout the Town.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's water system.

The *Wastewater Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's sanitary sewer system.

The *Drainage Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's drainage system.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Machinery and Equipment	3 - 30 years
Infrastructure	10 - 50 years

Compensated Absences

Employees of the Town are allowed to accumulate unused paid time off up to a max of 80 hours. Upon termination of employment from the Town, an employee will be compensated for all accrued paid time off at their current pay rate.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. As of December 31, 2016, the Town does not report any balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Town has also classified the Impact Fee, Use Tax Capital Improvement, the Cemetery, the Paving Fee and the Johnson's Corner Capital Funds as restricted because their revenues are restricted by the municipal code or taxpayer initiative; the Library Fund is classified as restricted as the revenues are restricted through taxpayer initiatives and other governments, and the Conservation Trust Fund is classified as restricted because its revenues are restricted by State Statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town reports unspent balances appropriated by the Town Council for contingencies, equipment replacement, and the construction of a Town recreation center.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the General, Special Revenue, and Private Purpose Trust Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

State Compliance

At December 31, 2016 actual expenditures in the Johnson's Corner Capital Improvement Fund exceeded budgeted amounts by \$35,980. This may be a violation of State statute.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2016 follows:

Petty Cash	\$ 50
Cash Deposits	40,688,807
Investments	<u>62,049,497</u>
Total	<u>\$102,738,354</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments	\$ 100,611,287
Restricted Cash and Investments	<u>2,127,067</u>
Total	<u>\$102,738,354</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2016, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has implemented a policy regarding custodial credit risk for deposits.

At December 31, 2016, the Town had deposits with financial institutions with a carrying amount of \$40,688,807. The bank balances with the financial institutions were \$40,916,300. Of these balances, \$750,000 was covered by federal depository insurance and \$40,166,300 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2016 the Town had the following investments and maturities:

<u>Type of Investment</u>	Fair Value	Maturities (in Years)	
		0 – 1 Years	1 – 5 Years
U.S. Government Securities	\$ 7,832,911	\$ 3,007,095	\$ 4,825,816
U.S. Government Agencies	16,693,355	5,216,260	11,477,095
Corporate Bonds	9,522,695	3,002,215	6,520,480
Commercial Paper	496,146	496,146	-
Money Market Funds	125,375	125,375	-
Mutual Funds	21,889	21,889	-
Local Government Investment Pools	<u>27,357,126</u>	<u>27,357,126</u>	<u>-</u>
Total	<u>\$ 62,049,497</u>	<u>\$ 39,226,106</u>	<u>\$ 22,823,391</u>

Interest Rate Risk

The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities. The Town's securities at December 31, 2016, are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Services for its U.S. Government Agencies and Securities. The Town's Corporate Debt and Commercial Paper is rated at least AA- by Standard and Poor's and Aa3 by Moody's Investors Services. The Town's Mutual Funds are not rated.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value

The Town 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; Level 3 inputs are significant observable inputs.

At December 31, 2016, the Town held investments in U.S. Government Securities and U.S. Government Agencies in the amount of \$7,832,911 and \$16,693,355, respectively, with maturity dates of less than one and four years. Given the low risk of this type of investment, the Town has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The Town held investments in Commercial Bonds, Commercial Paper, and Mutual Funds in the amount of \$9,522,695, \$496,146, and \$21,889, respectively, with maturity dates of less than one and four years. These investments are valued with Level 1 inputs.

The Town invested \$125,375 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

The Town had invested \$12,607,828 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is considered to be a 2a7 like investments and is valued using the NAV per share (or its equivalent) of the investments. The 2a-7 like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a-7 like investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value (Continued)

The Town had invested \$14,749,298 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 is summarized below:

	Balances 12/31/15	<u>Additions</u>	<u>Deletions</u>	Balances 12/31/16
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 99,633	\$ -	\$ -	\$ 99,633
Construction in Progress	-	242,962	-	242,962
Total Capital Assets, not depreciated	99,633	242,962	-	342,595
Capital Assets, depreciated				
Buildings	9,643,336	152,847	-	9,796,183
Improvements	2,938,016	-	-	2,938,016
Equipment	2,942,136	276,986	239,556	2,979,566
Total Capital Assets, depreciated	15,523,488	429,833	239,556	15,713,765

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: CAPITAL ASSETS (Continued)

Less Accumulated Depreciation				
Buildings	1,622,942	190,265	-	1,813,207
Improvements	640,684	57,902	-	698,586
Equipment	<u>2,107,230</u>	<u>219,898</u>	<u>205,402</u>	<u>2,121,726</u>
Total Accumulated Depreciation	<u>4,370,856</u>	<u>468,065</u>	<u>205,402</u>	<u>4,633,519</u>
Total Capital Assets, depreciated, Net	<u>11,152,632</u>	<u>(38,232)</u>	<u>34,154</u>	<u>11,080,246</u>
Governmental Activities, Capital Assets, Net	<u>\$ 11,252,265</u>	<u>\$ 204,730</u>	<u>\$ 34,154</u>	<u>\$ 11,422,841</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities

General Government	\$ 110,238
Public Safety	111,727
Public Works	174,502
Culture and Recreation	<u>71,598</u>
Total	<u>\$ 468,065</u>

	Balances <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/16</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 72,405	\$ -	\$ -	\$ 72,405
Water Rights	<u>2,952,249</u>	<u>-</u>	<u>-</u>	<u>2,952,249</u>
Total Capital Assets, not depreciated	<u>3,024,654</u>	<u>-</u>	<u>-</u>	<u>3,024,654</u>
Capital Assets, depreciated				
Utility Systems	20,935,592	225,101	-	21,160,693
Equipment	<u>189,979</u>	<u>34,768</u>	<u>-</u>	<u>224,747</u>
Total Capital Assets, depreciated	<u>21,125,571</u>	<u>259,869</u>	<u>-</u>	<u>21,385,440</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/16</u>
Less: Accumulated Depreciation				
Utility Systems	7,093,284	451,363	-	7,544,647
Equipment	<u>22,522</u>	<u>24,845</u>	<u>-</u>	<u>47,367</u>
Total Accumulated Depreciation	<u>7,115,806</u>	<u>476,208</u>	<u>-</u>	<u>7,592,014</u>
Total Capital Assets, depreciated, Net	<u>14,009,765</u>	<u>(216,339)</u>	<u>-</u>	<u>13,793,426</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 17,034,419</u>	<u>\$ (216,339)</u>	<u>\$ -</u>	<u>\$ 16,818,080</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Business-type Activities

Water Fund	\$ 327,344
Wastewater Fund	<u>148,864</u>
Total	<u>\$ 476,208</u>

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/16</u>	Due In <u>One Year</u>
Accrued Compensated Absences	<u>\$ 28,652</u>	<u>\$ 2,102</u>	<u>\$ -</u>	<u>\$ 30,754</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016.

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/16</u>	Due In <u>One Year</u>
Accrued Compensated Absences	\$ <u>32,760</u>	\$ <u>-</u>	\$ <u>17,109</u>	\$ <u>15,651</u>	\$ <u>-</u>

Accrued Compensated Absences are being paid from resources generated by the Water, Wastewater, and Drainage Funds.

NOTE 6: INTERFUND AMOUNTS

As of December 31, 2016, the following amounts were reported as Due to/From other funds:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Use Tax Capital Improvement Fund	Johnson's Corner Tax Fund	\$ 3,789
Johnson's Corner Tax Fund	General Fund	3,743
Water Fund	General Fund	<u>21,133</u>
Total		<u>\$ 28,665</u>

At December 31, 2016, these amounts are owed between funds due to timing differences related to receipts and disbursements.

Interfund transfers for the year ended December 31, 2016, were comprised of the following:

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Water Fund	\$ 43,350
Library Fund	General Fund	391,700
Use Tax Capital Improvement Fund	Water Fund	42,864
Water Fund	General Fund	<u>182,200</u>
Total		<u>\$ 660,114</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: INTERFUND AMOUNTS (Continued)

The transfers between the Water Fund and the General Fund were made to assist with operating, administrative, and capital costs. The transfers to the Library Fund were made to transfer the Town's share of property taxes restricted to support to the Library. The transfers to the Use Tax Capital Improvement Fund were made to assist with capital improvements. These transfers are budgeted annually.

NOTE 7: TAX ABATEMENTS

Johnson's Corner Annexation Agreement

The Town entered into the Johnson's Corner Annexation Agreement with the owners of Johnson's Corner under the Municipal Annexation Act, Part 1 of Article 12 of Title 31 of the Colorado Revised Statutes ("C.R.S"). In exchange for the real property annexed by the Town and for the purpose of paying for certain improvements needed to service the property, the Town agreed reimburse 1% of the amount of all sales and use taxes collected from taxable activities on the property to the owners. The original annexation agreement was entered into on June 7, 1999, with an expiration of 15 years from the date of annexation. In 2008, the Town amended this agreement to extend the tax credit for an additional 5 years. During the year ended December 31, 2016, the Town reimbursed sales taxes to the owners of the Johnson's Corner Property in the amount of \$107,000.

WRFG Annexation Agreement

The Town entered into the WRFG Annexation Agreement, for the 2534 Development (the commercial properties along State Highway 34) under the Municipal Annexation Act, Part 1 of Article 12 of Title 31 of the Colorado Revised Statutes ("C.R.S"). In exchange for the real property annexed by the Town and for the purpose of paying for certain improvements needed to service the property, the Town has agreed to reimburse 1% of sales and use taxes to the owners of the 2534 Development. This agreement was entered into on December 14, 2000, with an expiration of 25 years from the date of the annexation. For the year ended December 31, 2016, the Town reimbursed sales taxes to the owners of the 2534 Development property in the amount of \$189,279.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Town contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund.

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with a least five years of accredited service may leave contributions with the SWDP Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions. The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent through 2015. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent of base salary for a total contribution rate of 8.25 percent through 2015. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 the Town reported an asset in the amount of \$1,619 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Town's proportion of the net pension asset was based on the Town's contributions to the SWDB Plan for the calendar year 2015 relative to the total contributions of participating employers to the SWDB Plan.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2015, the Town's proportion was 0.09180%, which was a decrease of 0.00330% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016 the Town recognized pension expense of \$33,054. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$13,089	\$1,911
Net difference between projected and actual earnings on pension plan investments	\$82,367	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$1,287
Change in assumptions and other inputs	\$25,420	N/A
Contributions subsequent to the measurement date	\$39,919	N/A
Total	\$160,795	\$3,198

\$39,919 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2017	\$ 24,939
2018	\$ 24,939
2019	\$ 24,939
2020	\$ 22,896
2021	\$ 3,837
Thereafter	\$ 16,128

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2016
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2015
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 3.0%	

For determining the pension liability, the RP-2014 Combined Mortality Table for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions** (Continued)

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, project with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the roll-forward calculation of the total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	1.00%	0.00%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate, based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is +7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$226,708	(\$1,619)	(\$191,007)

Pension plan fiduciary net position. Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NOTE 9: OTHER RETIREMENT COMMITMENTS

Deferred Compensation Plan

All full-time employees are eligible to participate in a voluntary 457 Deferred Comp Plan. The Plan is administered by Pension Management. The Town matches up to 4.2% for regular full time employees and 9.2% for Department Heads. All full time employees are eligible to participate in the plan upon hire and are immediately vested. The Town contributed \$79,722 and \$82,628 to the plan for the years ended December 31, 2015 and 2016, respectively, equal to the required contribution.

NOTE 10: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town carries commercial insurance to cover these risks. The Town has not had any claims that exceeded insurable amounts for the last three years.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 11: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 2013, voters within the Town approved the collection, retention and expenditure the full amount of the town taxes, grants and all other revenue collected from all sources including property taxes, received in 2012 and each subsequent year, without regard to any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado constitution or any other law.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$530,000 was recorded in the General Fund.

NOTE 12: SUBSEQUENT EVENTS

The Town has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JOHNSTOWN, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Taxes and Fees	\$ 5,948,000	\$ 8,568,374	\$ 2,620,374	\$ 7,108,659
Licenses and Permits	294,000	1,037,157	743,157	581,206
Intergovernmental	466,000	536,088	70,088	518,236
Charges for Services	499,300	621,619	122,319	537,908
Fines and Forfeitures	82,500	172,567	90,067	144,382
Interest Income	55,900	82,035	26,135	99,331
Miscellaneous	32,500	171,429	138,929	131,228
TOTAL REVENUES	7,378,200	11,189,269	3,811,069	9,120,950
EXPENDITURES				
General Government	680,800	603,998	76,802	589,263
Public Safety	1,938,200	1,693,843	244,357	1,729,677
Public Works	1,464,400	1,366,522	97,878	1,177,527
Health and Welfare	130,100	116,436	13,664	99,220
Culture and Recreation	483,100	351,761	131,339	293,725
Capital Outlay	298,500	271,002	27,498	110,367
Contingencies	1,450,300	-	1,450,300	-
TOTAL EXPENDITURES	6,445,400	4,403,562	2,041,838	3,999,779
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	932,800	6,785,707	5,852,907	5,121,171
OTHER FINANCING SOURCES (USES)				
Transfers In	45,000	43,350	(1,650)	43,350
Transfers Out	(738,900)	(573,900)	165,000	(555,299)
TOTAL OTHER FINANCING SOURCES (USES)	(693,900)	(530,550)	163,350	(511,949)
NET CHANGE IN FUND BALANCE	238,900	6,255,157	6,016,257	4,609,222
FUND BALANCES, Beginning	28,749,300	30,824,129	2,074,829	26,315,841
Prior Period Adjustment	-	-	-	(100,934)
FUND BALANCE, Ending	\$ 28,988,200	\$ 37,079,286	\$ 8,091,086	\$ 30,824,129

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

IMPACT FEE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Licenses and Permits	\$ 595,000	\$ 2,065,149	\$ 1,470,149	\$ 1,909,397
Interest Income	35,000	63,292	28,292	28,575
TOTAL REVENUES	630,000	2,128,441	1,498,441	1,937,972
EXPENDITURES				
Public Safety	-	152,847	(152,847)	115,474
Public Works	720,000	70,529	649,471	1,133,949
TOTAL EXPENDITURES	720,000	223,376	496,624	1,249,423
NET CHANGE IN FUND BALANCE	(90,000)	1,905,065	1,995,065	688,549
FUND BALANCE, Beginning	10,654,400	10,881,247	226,847	10,192,698
FUND BALANCE, Ending	<u>\$ 10,564,400</u>	<u>\$ 12,786,312</u>	<u>\$ 2,221,912</u>	<u>\$ 10,881,247</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

USE TAX CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Taxes	\$ 850,000	\$ 3,417,716	\$ 2,567,716	\$ 2,306,918
Interest Income	30,000	87,437	57,437	45,531
TOTAL REVENUES	880,000	3,505,153	2,625,153	2,352,449
EXPENDITURES				
Public Works	637,000	480,157	156,843	582,184
Capital Outlay	145,000	-	145,000	128,180
TOTAL EXPENDITURES	782,000	480,157	301,843	710,364
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	98,000	3,024,996	2,926,996	1,642,085
OTHER FINANCING USES				
Transfers In	45,000	42,864	(2,136)	42,284
TOTAL OTHER FINANCING USES	45,000	42,864	(2,136)	42,284
NET CHANGE IN FUND BALANCES	143,000	3,067,860	2,924,860	1,684,369
FUND BALANCES, Beginning	13,829,700	14,362,345	532,645	12,677,976
FUND BALANCES, Ending	<u>\$ 13,972,700</u>	<u>\$ 17,430,205</u>	<u>\$ 3,457,505</u>	<u>\$ 14,362,345</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Town's proportionate share of the Net Pension Liability (Asset)	0.098%	0.095%	0.092%
Town's proportionate share of the Net Pension Liability (Asset)	\$ (87,606)	\$ (107,336)	\$ (1,619)
Town's covered-employee payroll	\$ 853,314	\$ 868,643	\$ 911,068
Town's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-10.3%	-12.4%	-0.2%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contributions	34,043	\$ 34,216	\$ 36,443	\$ 39,919
Contributions in relation to the Statutorily required contributions	<u>34,043</u>	<u>34,216</u>	<u>36,443</u>	<u>39,919</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 853,314	\$ 868,643	\$ 911,068	\$ 997,981
Contributions as a percentage of covered-employee payroll	3.99%	3.94%	4.00%	4.00%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF JOHNSTOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	SPECIAL REVENUE				
	LIBRARY FUND	CEMETERY FUND	PAVING FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND
ASSETS					
Cash and Investments	\$ 1,949,711	\$ 109,306	\$ 252	\$ 30,381	\$ 2,313,057
Accounts Receivable	-	-	-	8,218	909
Due from Other Funds	-	-	-	3,743	-
TOTAL ASSETS	<u>\$ 1,949,711</u>	<u>\$ 109,306</u>	<u>\$ 252</u>	<u>\$ 42,342</u>	<u>\$ 2,313,966</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 48,503	\$ -	\$ -	\$ 36,000	\$ -
Accrued Liabilities	9,057	-	-	-	-
Due to Other Funds	-	-	-	3,789	-
TOTAL LIABILITIES	<u>57,560</u>	<u>-</u>	<u>-</u>	<u>39,789</u>	<u>-</u>
FUND EQUITY					
Fund Balance					
Restricted for Culture and Recreation	1,892,151	-	-	-	-
Restricted for Parks & Recreation	-	-	-	-	2,313,966
Restricted for Capital Improvements	-	-	252	2,553	-
Restricted for Cemetery Maintenance	-	109,306	-	-	-
TOTAL FUND EQUITY	<u>1,892,151</u>	<u>109,306</u>	<u>252</u>	<u>2,553</u>	<u>2,313,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,949,711</u>	<u>\$ 109,306</u>	<u>\$ 252</u>	<u>\$ 42,342</u>	<u>\$ 2,313,966</u>

See the accompanying independent auditors' report.

TOTALS

2016	2015
\$ 4,402,707	\$ 4,090,978
9,127	8,218
3,743	3,743
<u>\$ 4,415,577</u>	<u>\$ 4,102,939</u>

\$ 84,503	\$ -
9,057	8,150
3,789	3,789
<u>97,349</u>	<u>11,939</u>

1,892,151	1,794,308
2,313,966	2,163,763
2,805	27,898
109,306	105,031
<u>4,318,228</u>	<u>4,091,000</u>

<u>\$ 4,415,577</u>	<u>\$ 4,102,939</u>
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TOWN OF JOHNSTOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2016

	SPECIAL REVENUE				
	LIBRARY FUND	CEMETERY FUND	PAVING FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 117,662	\$ 95,397
Licenses and Permits	-	-	-	-	65,500
Intergovernmental	360,735	-	-	-	74,194
Interest Income	5,181	812	-	245	8,459
Miscellaneous	6,766	3,463	-	-	7,728
TOTAL REVENUES	372,682	4,275	-	117,907	251,278
EXPENDITURES					
Public Works	-	-	-	143,000	-
Culture and Recreation	387,117	-	-	-	101,075
Capital Outlay	279,422	-	-	-	-
TOTAL EXPENDITURES	666,539	-	-	143,000	101,075
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(293,857)	4,275	-	(25,093)	150,203
OTHER FINANCING SOURCES (USES)					
Transfers In	391,700	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	391,700	-	-	-	-
NET CHANGE IN FUND BALANCE	97,843	4,275	-	(25,093)	150,203
FUND BALANCE, Beginning	1,794,308	105,031	252	27,646	2,163,763
FUND BALANCE, Ending	\$ 1,892,151	\$ 109,306	\$ 252	\$ 2,553	\$ 2,313,966

See the accompanying independent auditors' report.

TOTALS

2016	2015
\$ 213,059	\$ 190,220
65,500	81,100
434,929	433,716
14,697	6,346
17,957	9,855
746,142	721,237
143,000	95,300
488,192	563,173
279,422	-
910,614	658,473
(164,472)	62,764
391,700	373,099
-	(260)
391,700	372,839
227,228	435,603
4,091,000	3,655,397
\$ 4,318,228	\$ 4,091,000

TOWN OF JOHNSTOWN, COLORADO

LIBRARY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016		VARIANCE	2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES				
Intergovernmental	\$ 334,550	\$ 360,735	\$ 26,185	\$ 375,745
Interest Income	5,000	5,181	181	2,003
Miscellaneous	8,500	6,766	(1,734)	4,869
TOTAL REVENUES	348,050	372,682	24,632	382,617
EXPENDITURES				
Culture and Recreation	692,750	387,117	305,633	438,328
Capital Outlay	50,000	279,422	(229,422)	-
TOTAL EXPENDITURES	742,750	666,539	76,211	438,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(394,700)	(293,857)	100,843	(55,711)
OTHER FINANCING SOURCES (USES)				
Transfers In	391,700	391,700	-	373,099
TOTAL OTHER FINANCING SOURCES	391,700	391,700	-	373,099
NET CHANGE IN FUND BALANCE	(3,000)	97,843	100,843	317,388
FUND BALANCE, Beginning	1,770,700	1,794,308	23,608	1,476,920
FUND BALANCE, Ending	\$ 1,767,700	\$ 1,892,151	\$ 124,451	\$ 1,794,308

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CEMETERY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Sale of Lots	\$ 2,800	\$ 3,463	\$ 663	\$ 3,273
Interest Income	100	812	712	113
TOTAL REVENUES	2,900	4,275	1,375	3,386
EXPENDITURES				
Operations and Maintenance	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,900	4,275	1,375	3,386
FUND BALANCES, Beginning	104,500	105,031	531	101,645
FUND BALANCES, Ending	\$ 107,400	\$ 109,306	\$ 1,906	\$ 105,031

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

PAVING FEE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2016

	2016		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
			2015 ACTUAL
REVENUES			
Taxes	\$ -	\$ -	\$ -
Interest Income	-	-	-
TOTAL REVENUES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	260
TOTAL OTHER FINANCING SOURCES	-	-	260
NET CHANGE IN FUND BALANCE	-	-	(260)
FUND BALANCE, Beginning	-	252	512
FUND BALANCE, Ending	\$ -	\$ 252	\$ 252

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

JOHNSON'S CORNER CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Taxes	93,000	\$ 117,662	\$ 24,662	101,660
Interest Income	20	245	225	33
TOTAL REVENUES	93,020	117,907	24,887	101,693
EXPENDITURES				
Public Works	107,020	143,000	(35,980)	95,300
TOTAL EXPENDITURES	107,020	143,000	(35,980)	95,300
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,000)	(25,093)	(11,093)	6,393
FUND BALANCES, Beginning	14,000	27,646	13,646	21,253
FUND BALANCES, Ending	\$ -	\$ 2,553	\$ 2,553	\$ 27,646

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Use Tax	\$ 40,000	\$ 95,397	\$ 55,397	\$ 88,560
Licenses and Permits	62,500	65,500	3,000	81,100
Intergovernmental	50,000	74,194	24,194	57,971
Interest Income	3,500	8,459	4,959	4,197
Miscellaneous	1,200	7,728	6,528	1,713
TOTAL REVENUES	157,200	251,278	94,078	233,541
EXPENDITURES				
Culture and Recreation	149,200	101,075	48,125	124,845
TOTAL EXPENDITURES	149,200	101,075	48,125	124,845
NET CHANGE IN FUND BALANCE	8,000	150,203	142,203	108,696
FUND BALANCE, Beginning	2,085,800	2,163,763	77,963	2,055,067
FUND BALANCE, Ending	<u>\$ 2,093,800</u>	<u>\$ 2,313,966</u>	<u>\$ 220,166</u>	<u>\$ 2,163,763</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

WATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 1,900,000	\$ 2,546,993	\$ 646,993	\$ 2,384,572
Contributions	-	1,587,158	1,587,158	1,438,661
Interest Income	45,000	70,116	25,116	33,944
Miscellaneous	110,000	259,747	149,747	316,619
Transfers In	182,200	182,200	-	182,200
TOTAL REVENUES	2,237,200	4,646,214	2,409,014	4,355,996
EXPENDITURES				
Administration	222,600	163,222	59,378	168,463
Operations	999,300	1,056,072	(56,772)	1,065,675
Capital Outlay	521,300	242,809	278,491	716,580
Transfers Out	90,000	86,214	3,786	85,374
TOTAL EXPENDITURES	1,833,200	1,548,317	284,883	2,036,092
NET INCOME, Budget Basis	\$ 404,000	3,097,897	\$ 2,693,897	2,319,904
GAAP BASIS ADJUSTMENTS				
Capital Outlay		242,809		716,580
Depreciation Expense		(327,344)		(303,368)
NET INCOME, GAAP Basis		3,013,362		2,733,116
NET POSITION, Beginning		25,771,380		23,038,264
NET POSITION, Ending		\$ 28,784,742		\$ 25,771,380

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

WASTEWATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 1,610,000	\$ 1,755,720	\$ 145,720	\$ 1,640,347
Contributions	-	222,040	222,040	218,100
Interest Income	35,000	56,314	21,314	34,839
Miscellaneous	10,000	83,246	73,246	245,638
TOTAL REVENUES	1,655,000	2,117,320	462,320	2,138,924
EXPENDITURES				
Administration	267,200	174,767	92,433	195,159
Operations	989,000	997,511	(8,511)	822,885
Capital Outlay	206,900	17,060	189,840	122,134
TOTAL EXPENDITURES	1,463,100	1,189,338	273,762	1,140,178
NET INCOME, Budget Basis	<u>\$ 191,900</u>	927,982	<u>\$ 736,082</u>	998,746
GAAP BASIS ADJUSTMENTS				
Capital Outlay		17,060		122,134
Depreciation Expense		(148,864)		(137,340)
TOTAL GAAP BASIS ADJUSTMENTS		(131,804)		(15,206)
NET INCOME, GAAP Basis		796,178		983,540
NET POSITION, Beginning		13,977,615		12,994,075
NET POSITION, Ending		<u>\$ 14,773,793</u>		<u>\$ 13,977,615</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

DRAINAGE ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Drainage Fees	\$ 375,000	\$ 390,991	\$ 15,991	\$ 495,782
Interest Income	6,200	15,322	9,122	5,725
TOTAL REVENUES	381,200	406,313	25,113	501,507
EXPENDITURES				
Administration	94,900	78,304	16,596	81,635
Operations	123,700	51,839	71,861	55,121
Capital Outlay	2,500	-	2,500	-
TOTAL EXPENDITURES	221,100	130,143	90,957	136,756
NET INCOME, Budget Basis	<u>\$ 160,100</u>	276,170	<u>\$ 116,070</u>	364,751
GAAP BASIS ADJUSTMENTS				
Capital Outlay		-		-
NET INCOME, GAAP Basis		276,170		364,751
NET POSITION, Beginning		2,323,136		1,958,385
NET POSITION, Ending		<u>\$ 2,599,306</u>		<u>\$ 2,323,136</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Town of Johnstown
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of		Prepared By:
Town of Johnstown		Phone:
		Diana Seele
		9705874664

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	247,218
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	384,000
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,800
2. General fund appropriations	348,221	b. Snow and ice removal	19,900
3. Other local imposts (from page 2)	301,237	c. Other	60,000
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	84,700
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	405,000
a. Bonds - Original Issues		6. Total (1 through 5)	1,120,918
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	649,458	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	471,460	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	1,120,918	3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,120,918

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,120,918	1,120,918		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	301,237	g. Other Misc. Receipts	
6. Total (1. through 5.)	301,237	h. Other	
c. Total (a. + b.)	301,237	i. Total (a. through h.)	0
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	415,896	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	55,564	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) HS&EM	0	f. Other Federal	
f. Total (a. through e.)	55,564	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	471,460	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		247,218	247,218
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	247,218	247,218
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	247,218	247,218
(Carry forward to page 1)			

Notes and Comments: