

Johnstown Plaza Metropolitan District

Annual Financial Report

December 31, 2017

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August 1, 2018

Table of Contents

	Page
INDEPENDENT AUDITOR’S REPORT	I-II
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	6
Notes to Basic Financial Statements.....	7-21
SUPPLEMENTARY INFORMATION	
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Debt Service Fund	22
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Capital Projects Fund	23
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	24



**Haynie &
Company**

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Report of Independent Certified Public Accountants

To the Board of Directors
Johnstown Plaza Metropolitan District
Johnstown, Colorado

We have audited the accompanying financial statements of the governmental activities and the major funds of Johnstown Plaza Metropolitan District (the “District”) as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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 of 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.



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Johnstown Plaza Metropolitan District, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnstown Plaza Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
July 26, 2018

Basic Financial Statements

Johnstown Plaza Metropolitan District
Statement of Net Position
December 31, 2017

Assets	Governmental Activities
Cash and investments	\$ 16,609,924
Cash and investments - restricted	12,796,560
Property taxes receivable	105,537
PIF revenue receivable	312,731
CPIF revenue receivable	250,185
Accounts receivable	58,185
Capital assets, net of depreciation	<u>92,762,536</u>
Total assets	<u><u>\$122,895,658</u></u>
Liabilities	
Accounts payable	\$ 858,565
Accrued bond interest payable	2,633,014
Current portion of long-term debt	38,196,062
Non-current liabilities due in more than one year	<u>92,755,158</u>
Total liabilities	<u>134,442,799</u>
Deferred Inflows of Resources	
Property tax revenue	<u>105,537</u>
Total deferred inflows of resources	<u>105,537</u>
Net Position	
Net investment in capital assets	-
Restricted for:	
Emergency	4,232
Debt service	14,762,002
Unrestricted	<u>(26,418,912)</u>
 Total Net Position (Deficit)	 <u>(11,652,678)</u>
Total Liabilities, Net Position (Deficit) and Deferred Inflows of Resources	 <u><u>\$122,895,658</u></u>

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

Johnstown Plaza Metropolitan District
Statement of Activities
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and other fees</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	167,371	-	-	-	(167,371)
Interest and related costs on long term debt	<u>7,331,291</u>	<u>438,544</u>	<u>-</u>	<u>-</u>	<u>(6,892,747)</u>
	<u>7,498,662</u>	<u>438,544</u>	<u>-</u>	<u>-</u>	<u>(7,060,118)</u>
Property taxes					\$ 50
Specific ownership taxes					5
PIF revenue					824,725
CPIF revenue					<u>659,780</u>
Total general revenues					<u>1,484,560</u>
Change in net position					(5,575,558)
Net position - beginning of year					<u>(6,077,120)</u>
Net position (deficit) - end of year					<u>(11,652,678)</u>

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

Johnstown Plaza Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 10,121	\$ 14,207,227	2,392,576	\$ 16,609,924
Cash and investments - restricted	-	-	12,796,560	12,796,560
Property taxes receivable	-	105,537	-	105,537
PIF revenue receivable	-	312,731	-	312,731
CPIF revenue receivable	-	250,185	-	250,185
Due (to)from other funds	11,720	-	(11,720)	-
Accounts receivable	36,465	-	21,720	58,185
Total assets	\$ 58,306	\$ 14,875,680	\$ 15,199,136	\$ 30,133,122
Liabilities				
Accounts payable	\$ 41,504	8,141	\$ 808,920	\$ 858,565
Total liabilities	41,504	8,141	808,920	858,565
Deferred Inflows of Resources				
Deferred property tax revenue	-	105,537	-	105,537
Total deferred inflows of resources	-	105,537	-	105,537
Fund Balances				
Restricted:				
Emergency reserves	4,232	-	-	4,232
Debt service	-	14,762,002	-	14,762,002
Assigned - capital projects	-	-	14,390,216	14,390,216
Unassigned	12,570	-	-	12,570
Total Fund Balances	16,802	14,762,002	14,390,216	29,169,020
Total Liabilities, Fund Balance and Deferred Inflows of Resources				
	\$ 58,306	\$ 14,875,680	\$ 15,199,136	\$ 30,133,122
Total governmental fund balance per above				\$ 29,169,020
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				92,762,536
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:				
Bonds payable				(92,677,910)
Amortization of bond discount				(77,248)
Developer advances				(38,196,062)
Accrued interest on bonds				(2,633,014)
Net position (deficit) of governmental activities				\$ (11,652,678)

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

Johnstown Plaza Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 20	\$ 30	\$ -	\$ 50
Specific ownership taxes	2	3	-	5
PIF revenue	-	824,725	-	824,725
Add-on PIF revenue	-	659,780	-	659,780
Interest/Other income	2,745	147,177	288,622	438,544
Total General Revenues	<u>2,767</u>	<u>1,631,715</u>	<u>288,622</u>	<u>1,923,104</u>
Expenditures				
Current				
Accounting	25,450	-	-	25,450
Legal	62,003	-	-	62,003
District management	32,432	-	-	32,432
Dues and licenses	950	-	-	950
Paying agent fees	-	4,691	-	4,691
Auditing	6,800	-	-	6,800
Engineering services	-	-	15,588	15,588
Insurance and bonds	13,445	-	-	13,445
PIF/RSF collection costs	-	6,011	-	6,011
Treasurer's fees	-	1	-	1
Capital outlay	-	-	41,576,601	41,576,601
Debt service				
Bond interest	-	5,061,431	-	5,061,431
Total Expenditures	<u>141,080</u>	<u>5,072,134</u>	<u>41,592,189</u>	<u>46,805,403</u>
Excess of revenues over (under) expenditures	(138,313)	(3,440,419)	(41,303,567)	(44,882,299)
Other financing sources (uses)				
Developer advances	173,739	-	9,022,323	9,196,062
Interfund transfers	-	-	-	-
Total other financing sources (uses)	<u>173,739</u>	<u>-</u>	<u>9,022,323</u>	<u>9,196,062</u>
Net change in fund balances	35,426	(3,440,419)	(32,281,244)	(35,686,237)
Fund balances:				
Beginning of the year	<u>(18,624)</u>	<u>18,202,421</u>	<u>46,671,460</u>	<u>64,855,257</u>
End of the year	<u>\$ 16,802</u>	<u>\$ 14,762,002</u>	<u>\$ 14,390,216</u>	<u>\$ 29,169,020</u>

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

Johnstown Plaza Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in fund balance—total governmental funds	(35,686,237)
In the statement of activities, capital outlay is not reported as an expenditure:	
Capital Asset Additions	41,576,601
Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.	
Amortization of bond discount	(77,248)
Accrued bond interest - change in liability	(2,192,612)
Developer advances	<u>(9,196,062)</u>
Change in net position of governmental activities	<u><u>(5,575,558)</u></u>

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

Johnstown Plaza Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2017

	Orinal and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ 21	\$ 20	\$ (1)
Specific ownership taxes	1	2	1
Common area maintenance charges	74,610	-	(74,610)
Net investment income	-	2,745	2,745
Total Revenue	74,632	2,767	(71,865)
Expenditures			
Accounting	30,000	25,450	4,550
Audit	7,000	6,800	200
Contingency	3,499	-	3,499
Treasurer's fees	1	-	1
Miscellaneous	5,000	-	5,000
District management	25,000	32,432	(7,432)
Operations and maintenance	175,000	-	175,000
Dues	500	950	(450)
Insurance	15,000	13,445	1,555
Legal	30,000	62,003	(32,003)
Total Expenditures	291,000	141,080	149,920
Excess Revenue Over (Under) Expenditures	(216,368)	(138,313)	78,055
Other financing sources (uses)			
Developer advances	214,000	173,739	(40,261)
Total other financing sources (uses)	214,000	173,739	(40,261)
Net change in fund balances	(2,368)	35,426	37,794
Fund Balance—Beginning of year	5,000	(18,624)	(23,624)
Fund Balance—End of Year	\$ 2,632	\$ 16,802	\$ 14,170

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

Johnstown Plaza Metropolitan District

Notes to Financial Statements

December 31, 2017

1. Definition of Reporting Entity

Johnstown Plaza Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court on February 18, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Johnstown on August 17, 2015. The District's service area is located entirely within the Town in Johnstown, Colorado. The District was organized to provide planning, design, acquisition, construction, installation, relocation, redevelopment, financing, repair, replacement and operations and maintenance of the public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for the residential development known as Johnstown Plaza.

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

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

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

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

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

The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Budgets

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

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners, to put the tax lien on the individual properties as of January 1 for the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets, which are anticipated to be conveyed to other governmental entities, are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

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

Fund Equity

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

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

The District's General Fund balance as of December 31, 2017 is \$16,802.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

The restricted fund balance in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs.

3. Cash and Investments

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 16,609,924
Cash and investments—Restricted	<u>12,796,560</u>
	<u>\$ 29,406,484</u>

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 29,404,763
Investments	<u>1,721</u>
Total cash and investments	<u>\$ 29,406,484</u>

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

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

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

As of December 31, 2017, the District's cash deposits had a carrying balance of \$29,404,763 and bank balance of \$29,404,763, of which \$250,000 was FDIC insured.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2017, the District had the following investments:

Investment	Maturity Fair Value	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$1,721

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

4. Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2017 follows:

	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 29,000,000	\$ 9,000,000	\$ -	\$ 38,000,000
Construction in Process	<u>22,185,935</u>	<u>32,576,601</u>	<u>-</u>	<u>54,762,536</u>
Capital assets, net	<u>\$ 51,185,935</u>	<u>\$ 41,576,601</u>	<u>\$ -</u>	<u>\$ 92,762,536</u>

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2017:

	Balance December 31, 2016	Additions	Payments	Balance December 31, 2017	Amounts Due Within One Year
GO Series 2016 Bonds	\$ 3,723,237	\$ -	\$ -	\$ 3,723,237	\$ -
Series 2016A					
Special Revenue Bonds	83,335,000	-	-	83,335,000	-
Discount	(1,405,327)	-	77,248	(1,328,079)	-
Series 2016B					
Taxable Special Revenue Bonds	7,025,000	-	-	7,025,000	-
Developer advances	<u>29,000,000</u>	<u>9,196,062</u>	<u>-</u>	<u>38,196,062</u>	<u>38,196,062</u>
Total	<u>\$121,677,910</u>	<u>\$ 9,196,062</u>	<u>\$ 77,248</u>	<u>\$ 130,951,220</u>	<u>\$38,196,062</u>

\$3,723,237 Limited Tax General Obligation Bonds, Series 2016

On June 15, 2016, the District issued \$3,723,237 (original issue amount) Limited Tax General Obligation Bonds, Series 2016. The bonds, maturing December 1, 2047, bear an interest rate of 6.00% per annum, calculated on a basis of a 360 day year of twelve 30 day months, payable semi-annually on each June 1 and December 1, commencing June 1, 2017, until the principal amount is paid.

Any principal or interest remaining due, but not paid on December 1, 2057 shall be discharged and the Bond shall be deemed paid in full on such date in accordance with the Bond Resolution.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities (continued)

Below is a summary of the future maturities of the Limited Tax General Obligation Bonds, Series 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 246,976	\$ 246,976
2019	-	262,017	262,017
2020	-	277,974	277,974
2021	-	294,903	294,903
2022-2026	-	1,766,806	1,766,806
2027-2031	-	2,374,440	2,374,440
2032-2036	-	3,191,049	3,191,049
2037-2041	-	4,288,503	4,288,503
2042-2046	-	5,763,389	5,763,389
2047	3,723,237	1,371,559	5,094,796
	<u>\$ 3,723,237</u>	<u>\$ 19,837,616</u>	<u>\$ 23,560,853</u>

\$83,335,000 Special Revenue Bonds Series 2016A

On August 2, 2016, the District issued \$83,335,000 (original issue amount) Special Revenue Bonds, Series 2016A. Details of the issue and related maturities are as follows:

<u>Issue Price</u>	<u>Discount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
\$ 13,480,000	\$ 176,993	December 1, 2031	5.125%
13,100,000	202,132	December 1, 2036	5.250%
<u>56,755,000</u>	<u>1,045,995</u>	December 1, 2046	5.375%
<u>\$ 83,335,000</u>	<u>\$ 1,425,120</u>		

The 2016 bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2021 and on any date thereafter, with a redemption premium as follows:

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities (continued)

Redemption Date	Redemption Premium
December 1, 2021 to and including November 30, 2022	103.0%
December 1, 2022 to and including November 30, 2023	102.0%
December 1, 2023 to and including November 30, 2024	101.0%
December 1, 2024 and thereafter	100.0%

The 2016 Series A Bonds maturing on December 31, 2031 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2019, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

The 2016 Series A Bonds maturing on December 31, 2036 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2032, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

The 2016 Series A Bonds maturing on December 31, 2046 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2037, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities (continued)

Below is a summary of the future maturities of the Special Revenue Bonds Series 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 4,429,181	\$ 4,429,181
2019	360,000	4,429,181	4,789,181
2020	385,000	4,410,731	4,795,731
2021	490,000	4,391,000	4,881,000
2022-2026	4,240,000	21,460,695	25,700,695
2027-2031	8,005,000	20,011,600	28,016,600
2032-2036	13,100,000	17,440,843	30,540,843
2037-2041	20,020,000	13,273,293	33,293,293
2042-2046	36,735,000	6,947,187	43,682,187
	<u>\$ 83,335,000</u>	<u>\$ 96,793,711</u>	<u>\$180,128,711</u>

\$7,025,000 Taxable Special Revenue Bonds Series 2016B

On August 2, 2016, the District issued \$7,025,000 (original issue amount) Taxable Special Revenue Bonds, Series 2016B. The bonds, maturing December 1, 2046, bear an interest rate of 9.000% per annum, calculated on a basis of a 360 day year of twelve 30 day months, payable semi-annually on each June 1 and December 1, commencing June 1, 2017, until the principal amount is paid.

The 2016 bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2021 and on any date thereafter, with a redemption premium as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2021 to and including November 30, 2022	103.0%
December 1, 2022 to and including November 30, 2023	102.0%
December 1, 2023 to and including November 30, 2024	101.0%
December 1, 2024 and thereafter	100.0%

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities (continued)

The 2016 Series B Taxable Bonds maturing on December 31, 2046 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2025, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Below is a summary of the future maturities of the Special Revenue Bonds Series 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 632,250	\$ 632,250
2019	-	632,250	632,250
2020	-	632,250	632,250
2021	-	632,250	632,250
2022-2026	35,000	3,160,350	3,195,350
2027-2031	345,000	3,099,150	3,444,150
2032-2036	915,000	2,850,300	3,765,300
2037-2041	1,805,000	2,294,100	4,099,100
2042-2046	3,925,000	1,249,650	5,174,650
	<u>\$ 7,025,000</u>	<u>\$ 15,182,550</u>	<u>\$ 22,207,550</u>

Authorized Debt

On November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,500,000,000.

At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

5. Long-Term Liabilities (continued)

	Authorized Nov 3, 2015	Authorization Used GO Bonds Series 2016	Authorization Used Series A Bonds and Series B Taxable Bonds	Remaining at December 31, 2017
Water	\$ 150,000,000	\$ 1,326,117	\$ 2,891,520	\$ 145,782,363
Sanitation System	150,000,000	2,397,120	1,084,320	146,518,560
Streets	150,000,000	-	82,092,059	67,907,941
Parks and Recreation	150,000,000	-	-	150,000,000
Traffic/Safety Protection	150,000,000	-	4,292,101	145,707,899
Transportation	150,000,000	-	-	150,000,000
Television/Relay/Translation	150,000,000	-	-	150,000,000
Fire Protection	150,000,000	-	-	150,000,000
Mosquito Control	150,000,000	-	-	150,000,000
Security	150,000,000	-	-	150,000,000
	<u>\$ 1,500,000,000</u>	<u>\$ 3,723,237</u>	<u>\$ 90,360,000</u>	<u>\$ 1,405,916,763</u>

Developer Advances

On February 18, 2016, the District entered into an Advance and Reimbursement Agreement (Agreement) for capital costs with the developer, Johnstown Plaza, LLC, whereby the District agreed to reimburse the Developer for capital advances which had been, or were to be, made on behalf of the District. The amounts advanced and reimbursed shall not exceed \$150,000,000, per the Subordinate Promissory Note dated February 18, 2016, which bears simple interest at a rate of 2% plus the current Federal Reserve Board Prime Rate per annum, and matures on February 18, 2017. The note was subsequently amended on December 20, 2017 and extended for another year, maturing on December 20, 2018.

Under the same Agreement, the District has also agreed to reimburse the Developer for operations and maintenance costs which had been, or were to be, made on behalf of the District. The amounts advanced and reimbursed shall not exceed \$5,000,000, per the Promissory Note dated February 18, 2016, which bears simple interest at a rate of 2% plus the current Federal Reserve Board Prime Rate per annum, and matured on February 18, 2017. The note was subsequently amended on December 20, 2017 and extended for another year, maturing on December 20, 2018.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had invested in capital assets, net of related debt calculated as follows:

Net investment in capital assets:

Capital assets, net	\$ 92,762,536
Debt balances used to acquire capital assets	<u>(92,762,536)</u>
Net investment in capital assets	<u>\$ -</u>

Restricted assets include the net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2017 as follows:

Restricted net position:

Emergency Reserves (see Note 8)	\$ 4,232
Debt Service (see Note 5)	<u>14,762,002</u>
Total restricted net position	<u>\$ 14,766,234</u>

The District's unrestricted net position as of December 31, 2017 is \$(26,418,912). The overall deficit in net position was a result of the District being responsible for the repayment of bonds issued for public improvements which have not yet been completed.

Johnstown Plaza Metropolitan District
Notes to Financial Statements (continued)
December 31, 2017

7. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

8. Tax, Spending and Debt Limitations

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Supplementary Information

Johnstown Plaza Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property taxes	\$ 31	\$ 30	\$ (1)
Specific ownership taxes	2	3	1
PIF revenue	477,149	824,725	347,576
Add-on PIF revenue	596,436	659,780	63,344
Net investment income	81,000	147,177	66,177
Total Revenue	<u>1,154,618</u>	<u>1,631,715</u>	<u>477,097</u>
Expenditures:			
Debt service			
Bond interest - 2016 Series 2016A	4,429,181	4,429,181	-
Bond interest - 2016 Series 2016B	632,250	632,250	-
PSIF collection fees	-	6,011	(6,011)
Treasurer's fees	-	1	(1)
Contingency	2,069	-	2,069
Paying agent fees	9,500	4,691	4,809
Total Expenditures	<u>5,073,000</u>	<u>5,072,134</u>	<u>866</u>
Excess Revenue Over (Under) Expenditures	<u>(3,918,382)</u>	<u>(3,440,419)</u>	<u>477,963</u>
Other financing sources (uses)			
Developer advance	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	<u>(3,918,382)</u>	<u>(3,440,419)</u>	<u>477,963</u>
Fund Balance—Beginning of year	<u>18,199,155</u>	<u>18,202,421</u>	<u>3,266</u>
Fund Balance—End of Year	<u>\$ 14,280,773</u>	<u>\$ 14,762,002</u>	<u>\$ 481,229</u>

Johnstown Plaza Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Net investment income	\$ 140,000	\$ 288,622	\$ 148,622
Total Revenue	<u>140,000</u>	<u>288,622</u>	<u>148,622</u>
Expenditures:			
Accounting	30,000	-	30,000
District management	40,000	-	40,000
Engineering	40,000	15,588	24,412
Legal	25,000	-	25,000
Capital improvements	50,139,000	41,576,601	8,562,399
Total Expenditures	<u>50,274,000</u>	<u>41,592,189</u>	<u>8,681,811</u>
Excess Revenue Over (Under) Expenditures	<u>(50,134,000)</u>	<u>(41,303,567)</u>	<u>8,830,433</u>
Other financing sources (uses)			
Developer advance	-	9,022,323	9,022,323
Total other financing sources (uses)	<u>-</u>	<u>9,022,323</u>	<u>-</u>
Net change in fund balances	<u>(50,134,000)</u>	<u>(32,281,244)</u>	<u>8,830,433</u>
Fund Balance—Beginning of year	<u>53,093,282</u>	<u>46,671,460</u>	<u>(6,421,822)</u>
Fund Balance—End of Year	<u>\$ 2,959,282</u>	<u>\$ 14,390,216</u>	<u>\$ 2,408,611</u>

Johnstown Plaza Metropolitan District
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
December 31, 2017

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied (All Funds)	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ -	0.000	\$ -	\$ -	N/A
2017	2,079	25.000	52	50	96.15%
Estimated for the year ending 12/31/2018	\$ 7,035,774	15.000	\$ 105,537		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the county treasurer does not permit identification of specific year or levy.