

**TOWN OF JOHNSTOWN, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2018**

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## **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, 2018, 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, 2018, 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 34-38 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 and State Compliance 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 Cutler & Associates, LLC*

July 30, 2019

# Management's Discussion and Analysis

This section of the annual financial report offers readers of the Town of Johnstown a discussion and analysis of the Town's financial performance during the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Town's financial statements, which immediately follow this section.

## Financial Highlights

- Assets and deferred outflow of resources for The Town exceeded liabilities and deferred inflow of resources by \$167 million, an increase of \$20.5 million, or 14 percent.
- As of December 31, 2018, net position for governmental activities was \$111.7 million, up \$15.5 million or 16.1 percent from December 31, 2017. Business type activities reported a net position of \$55.4 million, up \$5.0 million or 9.9 percent in the same time frame.
- General revenues account for \$16,609,740 or 53.5 percent of all revenues. The Town had \$14,431,800 in program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions.
- The Town had \$7,032,413 in expenses related to governmental activities, of which \$6,592,198 were offset by program specific charges for services and operating grants, contributions. Taxes of \$15,001,078 and other general revenues of \$1,132,522 and transfers out of \$121,416 as shown on the statement of activities, offset the costs.
- The Town had water, sewer, and drainage charges for service income totaling \$6,215,653. Grants and capital contributions revenues for these funds totaled \$1,623,949. The cost of providing water, sewer, and drainage services totaled \$3,430,862.
- The Town's unassigned fund balance for the General Fund is \$22,563,521, the committed fund balance is \$29,139,699, and the restricted fund balance is \$685,000. The committed fund balance is intended to fund a Recreation Center, improvements to the I-25 interchange and equipment replacement. The unassigned portion of the Town's fund balance is available to meet the Town's reserve requirements and future spending at the Town's discretion.
- Outlays for capital assets were primarily comprised of water acquisition, vehicles and equipment. See the Capital Assets Section of the Financial Statements for detail.
- The Town's governmental funds only outstanding debt are accrued compensated absences totaling \$36,659 at December 31, 2018.
- The Town's business-type funds only outstanding debt are accrued compensated absences totaling \$15,619 at December 31, 2018.

## 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 statements are comprised of three components: 1) government-wide financial statements, 2) specific fund financial statements, and 3) notes to the financial statements.

### 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.

There are two government-wide financial statements:

**Statement of net position** – This statement presents information on all the Town's assets, liabilities, deferred inflows and deferred outflows, with the difference between them being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

**Statement of activities** – This statement presents information showing how the Town of Johnstown's net position changed during 2018. 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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements reflect three distinct activities:

**Governmental Activities** – These activities are primarily supported by taxes and intergovernmental revenues. The Governmental Activities of the Town of Johnstown include general government, public safety (police), public works, community development, cemetery, and recreation.

**Business-type Activities** - These activities are supported by user fees and service charges which are intended to recover all of their costs. The Business-type Activities of the Town of Johnstown include Water, Waste Water, and Drainage. Governmental activities and business-type activities combined comprise the primary government.

**Component Units** – The Town currently does not have any organizations that are legally separate and are reported separately from the primary government.

Governmental activities and business-type activities combine to comprise the primary government. The government wide financial statements begin on page 1 of this report.

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however, the Town Board establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.



**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method used is *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and other major funds. The minor funds are combined in the *Other Governmental Funds* into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Governmental fund financial statements begin on page 3 of this report.

**Proprietary Funds** – The Town of Johnstown maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Water, Waste Water, and Drainage Funds. These funds are considered major funds of the Town of Johnstown.

Proprietary fund statements begin on page 6 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Town and fund financial statements. The notes can be found on pages 9 to 33 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the required supplemental data required for non-major fund information and budgetary comparison schedules. The budgetary comparisons are included on pages 34 to 48 of this report.

## Financial Analysis of the Town as a Whole

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ending December 31, 2018, the Town's combined assets exceeded liabilities and deferred inflows of resources by \$167,206,603.

**TOWN OF JOHNSTOWN, COLORADO**  
**CONDENSED STATEMENT OF NET POSITION**  
**2018/2017**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>Assets</b>						
Current Assets	90,668,263	104,023,131	33,934,621	37,919,224	124,602,884	141,942,355
Capital Assets - Net	12,877,809	15,960,492	16,690,839	18,129,522	29,568,648	34,090,014
<b>Total Assets</b>	<b>103,546,072</b>	<b>119,983,623</b>	<b>50,625,460</b>	<b>56,048,746</b>	<b>154,171,532</b>	<b>176,032,369</b>
<b>Deferred Outflow of Resources</b>						
Related to Pensions	192,067	265,200	-	-	192,067	265,200
<b>Liabilities</b>						
Current Liabilities	1,754,572	1,908,212	220,683	622,054	1,975,255	2,530,266
Long-Term Liabilities	64,136	36,659	-	15,619	64,136	52,278
<b>Total Liabilities</b>	<b>1,818,708</b>	<b>1,944,871</b>	<b>220,683</b>	<b>637,673</b>	<b>2,039,391</b>	<b>2,582,544</b>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	-	139,181	-	-	-	139,181
Deferred Property Tax Revenue	5,695,870	6,369,241	-	-	5,695,870	6,369,241
<b>Net Position</b>						
Net Investment in Capital Assets	12,877,809	15,960,492	16,690,839	18,129,522	29,568,648	34,090,014
Restricted	580,000	685,000	-	-	580,000	685,000
Unrestricted	82,765,752	95,150,038	33,713,938	37,281,551	116,479,690	132,431,589
<b>Total Net Position at December 31</b>	<b>96,223,561</b>	<b>111,795,530</b>	<b>50,404,777</b>	<b>55,411,073</b>	<b>146,628,338</b>	<b>167,206,603</b>
Total Increase in Net Position						20,578,265
Percent Increase in Net Position						14.03%

A portion of the Town of Johnstown's net position (20%) reflects its investment in capital assets (e.g. land, buildings, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position (.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (\$132,461,589) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate Governmental and Business-type Activities.

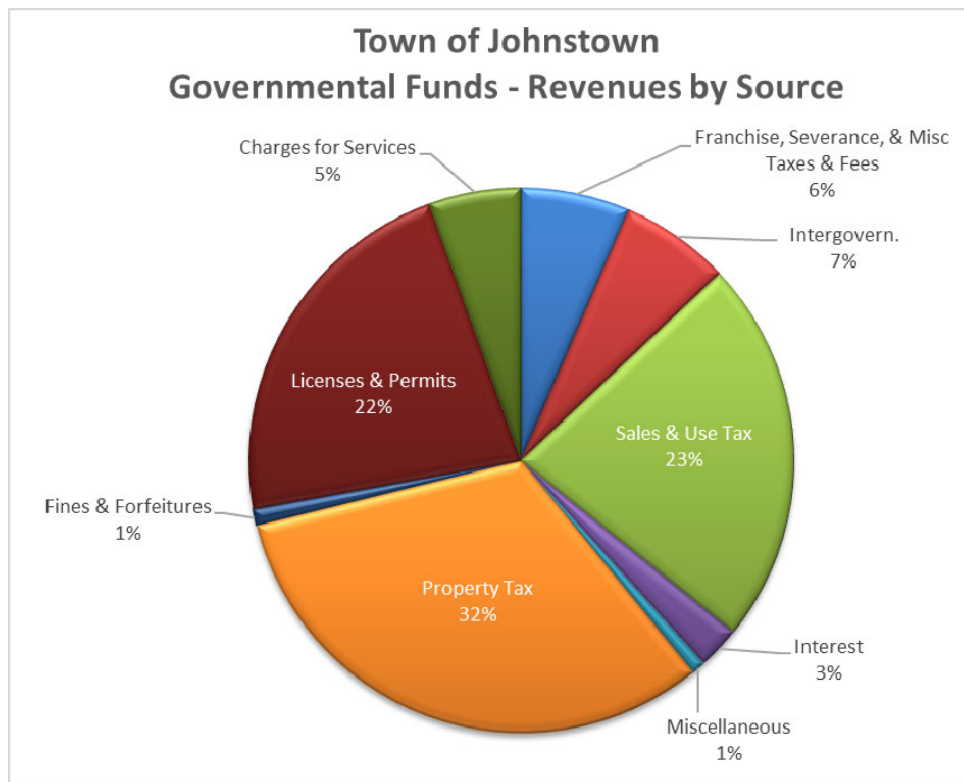
**TOWN OF JOHNSTOWN, COLORADO**  
**CONDENSED STATEMENT OF ACTIVITIES**  
**2018/2017**

<b>Revenues</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Program Revenues						
Charges for Services	5,546,201	4,978,884	5,333,331	6,215,653	10,879,532	11,194,537
Operating Grants and Contributions	614,750	972,269	-	-	614,750	972,269
Capital Grants and Contributions	636,380	641,045	1,769,163	1,623,949	2,405,543	2,264,994
General Revenues						
Property Taxes	4,533,214	6,635,104	-	-	4,533,214	6,635,104
Sales and Use Taxes	6,677,747	7,701,193	-	-	6,677,747	7,701,193
Franchise Taxes	-	465,561	-	-	0	465,561
Other Taxes	-	199,220	-	-	0	199,220
Interest	485,024	1,094,327	182,686	476,140	667,710	1,570,467
Other Revenues	742,555	38,195	-	-	742,555	38,195
Loss on Disposal of Assets	-	-	-	-	0	0
<b>Total Revenues</b>	<b>19,235,871</b>	<b>22,725,798</b>	<b>7,285,180</b>	<b>8,315,742</b>	<b>26,521,051</b>	<b>31,041,540</b>
<b>Expenses</b>						
General Government	1,237,413	1,486,792	-	-	1,237,413	1,486,792
Public Safety	2,075,219	2,213,497	-	-	2,075,219	2,213,497
Public Works	2,178,417	2,339,272	-	-	2,178,417	2,339,272
Health and Welfare	67,227	72,130	-	-	67,227	72,130
Culture and Recreation	794,130	920,722	-	-	794,130	920,722
Interest on Long-Term Debt	-	-	-	-	0	0
Water	-	-	1,560,999	1,794,109	1,560,999	1,794,109
Sewer	-	-	1,394,800	1,452,503	1,394,800	1,452,503
Drainage	-	-	175,515	184,250	175,515	184,250
Interest on Long-Term Debt	-	-	-	-	-	-
<b>Total Expenses</b>	<b>6,352,406</b>	<b>7,032,413</b>	<b>3,131,314</b>	<b>3,430,862</b>	<b>9,483,720</b>	<b>10,463,275</b>
Excess (deficiency) before transfers						
Transfers	(93,070)	(121,416)	93,070	121,416	0	0
Prior Period Adjustment	267,832	-	-	-	267,832	0
<b>Change in Net Position</b>	<b>12,790,395</b>	<b>15,571,969</b>	<b>4,246,936</b>	<b>5,006,296</b>	<b>17,037,331</b>	<b>20,578,265</b>
NET POSITION, Beginning	83,165,334	96,223,561	46,157,841	50,404,777	129,323,175	146,628,338
NET POSITION, Ending	96,223,561	111,795,530	50,404,777	55,411,073	146,628,338	167,206,603

## Financial Analysis of the Town's Funds

**Governmental Activities.** The focus of the Town of Johnstown's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

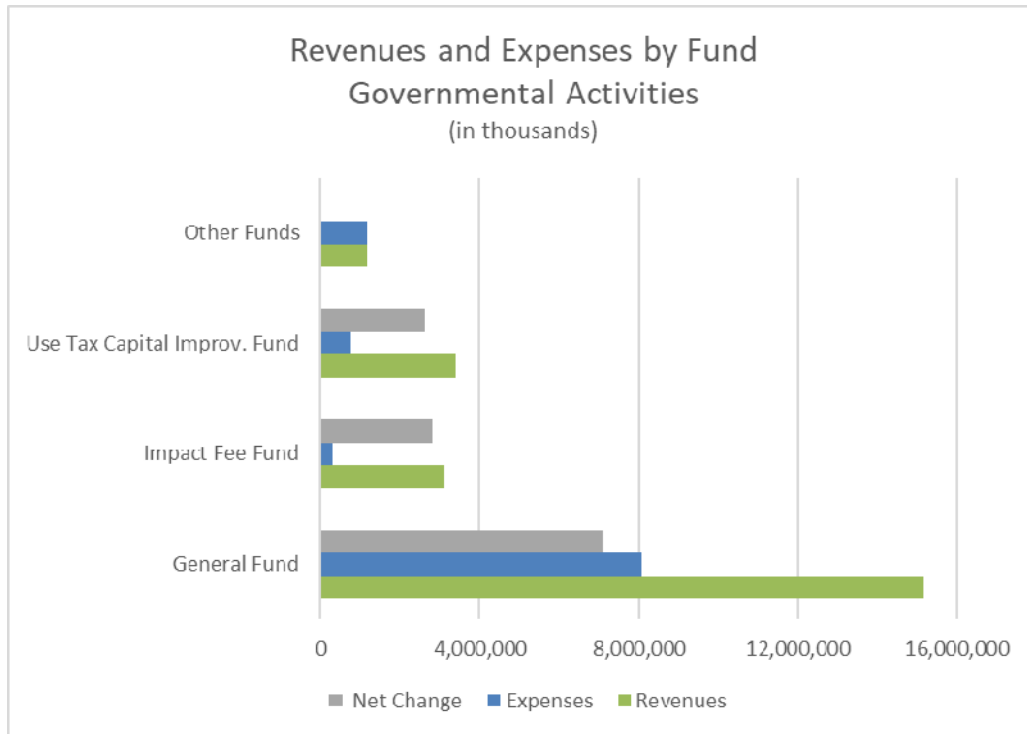
As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$95,613,041, an increase of \$12,392,352. Overall revenue increased \$3.5 million or 18.6 percent. Areas of substantial revenue increase included taxes and fees \$3,009,684, intergovernmental \$316,189 and interest \$325,323. The General Fund revenue increases, are primarily the result of strong residential and commercial growth and the resulting sales and use tax collections. The revenue increase in the Use Tax Capital Improvement Fund of \$351,792 can also be attributed to strong growth in the Town. The decrease in the Impact Fee Fund of \$400,730 was a result of changes in residential and commercial construction in 2018, however, it is important to note that in 2017, the revenues were unusually high, so when compared to prior years, the revenues in 2018 are considered to be robust despite having decreased slightly from the previous year. The increase Other Governmental Funds \$101,26 are all primarily due to a strong and growing economy indicated by increases in taxes and fees and intergovernmental revenues collected.



Expenditures for the current year increased \$2,499,975 or 32%. While the increase is substantial from both a numerical basis and percentage of total General Fund expenses, these expenses are also spread across a number of various operations within the General Fund. The most notable contributors to this spike are the allocation of \$1,000,000 for the Johnstown Recreation Center design and construction costs and an approximate \$400,000 increase in salary costs for the Police Department due to changes in the pay scale and an implementation of a step-grade program within the department.

The statement of net position reports a combined net position for governmental activities of \$111,795,530, an increase of \$28,630,196. The increase is primarily attributed to an increase in capital assets, receivables, and cash and investments.

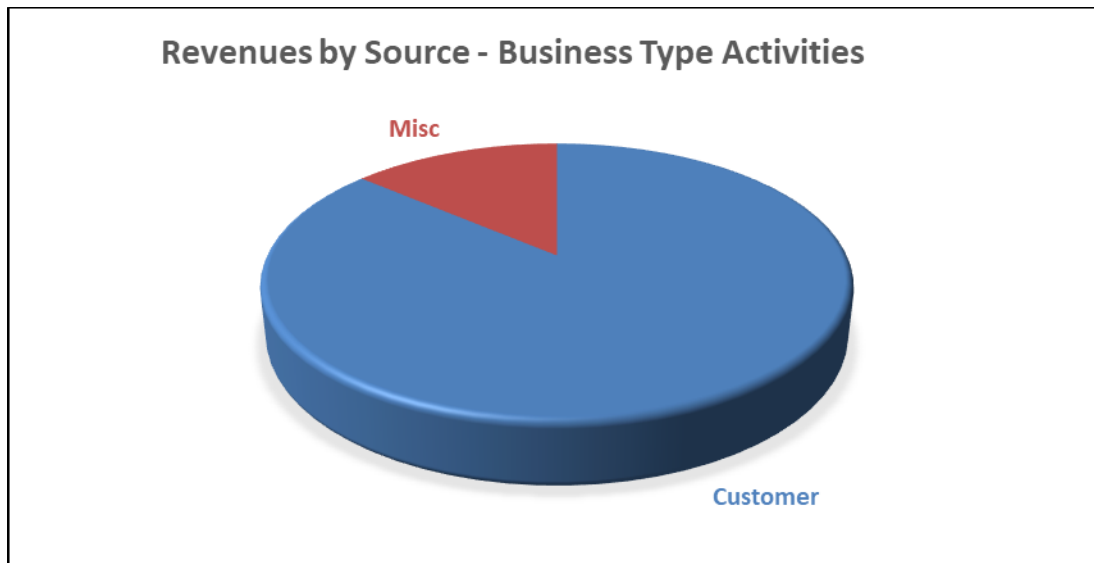
The graph below provides the program revenue and expenses for each governmental activity as well as providing net change.



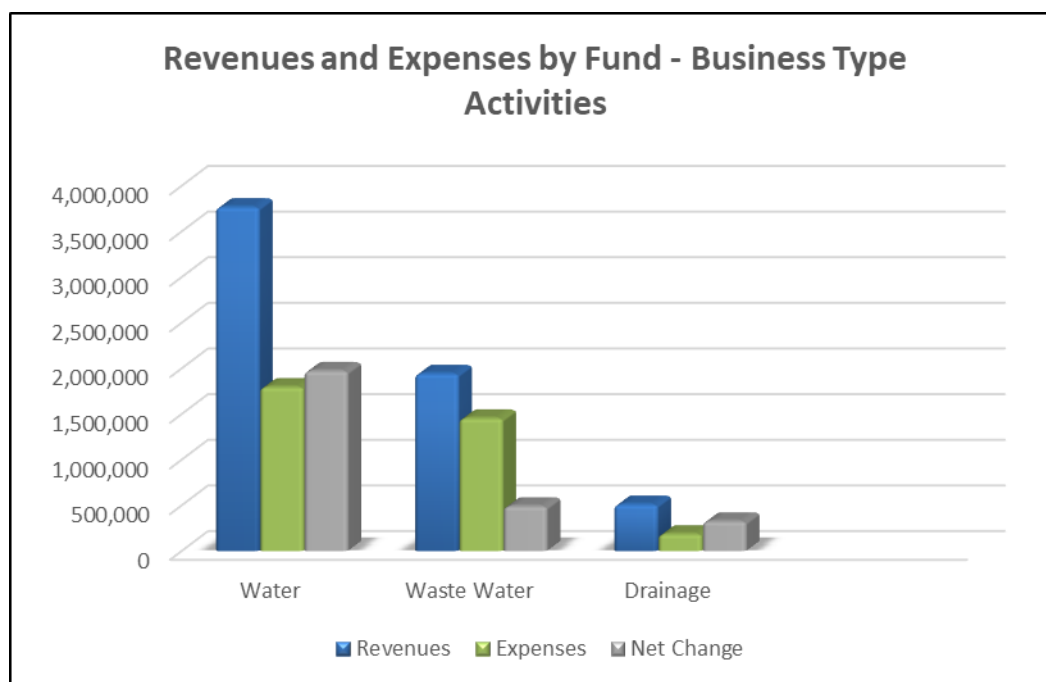
**Business-type Activities.** Net position of business-type activities increased by \$5.0 million primarily due to an increase in cash and investments and capital assets, including: water projects and sewer improvements. The Water Fund increased \$3.84 million, the Waste Water Fund increased \$779,558 and the Drainage Fund increased \$386,730. This net position is dedicated solely to finance the continuing operations of the water, waste water, and drainage operations.

Revenues for the Town's business-type activities, were \$6,215,653, a 16.5 percent increase compared to the previous year. The increase in revenues is largely attributed to an increase in water rates and water sales. Charges for services for business-type activities increased \$408,835. Operating revenues increased \$882,322. Operating expenses increased \$299,548.

As you can see from the following graph, the highest source of revenue for business-type activities is customer charges.



The following graph provides program revenue and expenses for each of the Business-Type activities operated by the Town.



### *General Fund Budgetary Highlights*

The General Fund is the chief operating fund of the Town. It accounts for all of the general services provided by the Town. In 2018, total fund balance increased 20% or \$8,754,497.

The unassigned fund balance of the General Fund at the end of 2018, totaled \$22,563,521 while the total fund balance totaled \$52,388,220. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. For 2018, unassigned fund balance represents approximately 2.79 times the total General Fund Expenditures, while total fund balance represents 6.47 times that same amount.

The Town budgeted for General Fund expenditures of \$42,452,500 for the year ended December 31, 2018 and actual expenditures were \$8,078,274. Expenditures were \$34.374 million less than budgeted as a result of capital projects that were postponed until 2019. Revenues, excluding transfers, for 2018 were budgeted at \$10,216,000 and actual revenues were \$15,154,187. Revenues from sales taxes, use taxes and permitting for new construction were much stronger than anticipated.

## Capital Assets and Debt Administration

### *Capital Assets*

By the end of 2018, the Town had invested \$34,090,014 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, site improvements, infrastructure, vehicles and other equipment. This amount represents a net increase of \$4,521,366 or 15 percent increase from last year. Additional information on the Town's capital assets can be found in Note 4 of the financial statements. Total accumulated depreciation expense was \$5,686,789 in the governmental activities and \$8,755,173 in the business-type activities. There have been no significant changes in the condition level of the capital assets of the Town.

### *Long-Term Debt*

The Town's governmental funds have accrued compensated absences totaling \$36,659 at December 31, 2018.

The Town's business-type funds have accrued compensated absences totaling \$15,619 at December 31, 2018.

Additional information on the Town's long-term debt can be found in Note 5 on page 23 of this report.

## Fiduciary Fund Activities

### *Cemetery Perpetual Fund*

The fund received \$6,780 in lot sales and investment revenues and recognized no expenditures. The fund balance at December 31, 2018, is \$120,895.

## Economic Factors and Next Year's Budgets and Rates

The annual budget ensures the efficient and effective uses of Town funds, as well as highlights the priority objectives. Direction for the upcoming year is established by the Council when the budget is adopted, funds are appropriated and resources are allocated.

The following factors were taken into account when adopting the budget for 2019:

- The Town has forecast most revenues as relatively steady from 2018 through 2019. Revenues from property taxes are expected to increase as a result of increased development in the area and well as increased property values. Revenues from sales taxes are also projected to increase as a result of strong economic growth in the area.
- The Town has conservatively forecast new growth which and the mill levy for property tax revenues has been set at 22.147.
- Expenditures exceed revenues in the General Fund by \$18,454,100. Capital projects planned for 2019 include construction of the Recreation Center, equipment replacement, and improvements to the I-25 corridor. The difference between revenues and expenditures will be filled by accumulated fund balances which grew from unanticipated revenue growth and lower than expected expenditures in recent years.
- The Town's business-type activities are expected to have revenues that remain steady compared to 2018 actuals. There was no rate increase in the waste water fund or the drainage fund. There was a 5% increase in the usage rates in the water fund that go into effect January 1, 2018.

## Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, investors, and creditors 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:

**Town of Johnstown Finance Department**

450 S. Parish  
Johnstown, Colorado 80534  
(970) 587-4664





## **BASIC FINANCIAL STATEMENTS**

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2018

	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2018	2017
ASSETS				
Cash and Investments	\$ 95,464,148	\$ 37,605,278	\$ 133,069,426	\$ 115,629,446
Restricted Cash and Investments	928,625	-	928,625	1,784,647
Receivables				
Property Taxes	6,369,241	-	6,369,241	5,693,002
Sales and Other	1,149,613	-	1,149,613	1,092,124
Accounts	-	292,813	292,813	403,665
Interfund Amounts	(21,133)	21,133	-	-
Net Pension Asset	132,637	-	132,637	-
Capital Assets, Not Depreciated	2,615,471	4,583,338	7,198,809	3,124,287
Capital Assets, Depreciated				
Net of Accumulated Depreciation	13,345,021	13,546,184	26,891,205	26,444,361
<b>TOTAL ASSETS</b>	<b>119,983,623</b>	<b>56,048,746</b>	<b>176,032,369</b>	<b>154,171,532</b>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	265,200	-	265,200	192,067
LIABILITIES				
Accounts Payable	938,409	450,920	1,389,329	275,987
Retainage Payable	34,684	-	34,684	-
Accrued Salaries and Benefits	132,722	49,134	181,856	108,397
Developer Escrow	802,397	-	802,397	1,542,021
Deposits	-	122,000	122,000	31,807
Noncurrent Liabilities				
Accrued Compensated Absences	36,659	15,619	52,278	45,948
Net Pension Liability	-	-	-	35,231
<b>TOTAL LIABILITIES</b>	<b>1,944,871</b>	<b>637,673</b>	<b>2,582,544</b>	<b>2,039,391</b>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	139,181	-	139,181	2,868
Deferred Property Tax Revenue	6,369,241	-	6,369,241	5,693,002
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,508,422</b>	<b>-</b>	<b>6,508,422</b>	<b>5,695,870</b>
NET POSITION				
Net Investment in Capital Assets	15,960,492	18,129,522	34,090,014	29,568,648
Restricted for Emergencies	685,000	-	685,000	580,000
Unrestricted	95,150,038	37,281,551	132,431,589	116,479,690
<b>TOTAL NET POSITION</b>	<b>\$ 111,795,530</b>	<b>\$ 55,411,073</b>	<b>\$ 167,206,603</b>	<b>\$ 146,628,338</b>

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

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,486,792	\$ 1,558,795	\$ -	\$ -
Public Safety	2,213,497	145,413	-	-
Public Works	2,339,272	3,212,676	-	562,700
Health and Welfare	72,130	-	-	-
Culture and Recreation	920,722	62,000	972,269	78,345
Total Governmental Activities	7,032,413	4,978,884	972,269	641,045
Business-Type Activities				
Water	1,794,109	3,765,556	-	1,452,449
Wastewater	1,452,503	1,941,480	-	171,500
Drainage	184,250	508,617	-	-
Total Business-Type Activities	3,430,862	6,215,653	-	1,623,949
Total Primary Government	\$ 10,463,275	\$ 11,194,537	\$ 972,269	\$ 2,264,994
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 ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2018	2017
\$ 72,003	\$ -	\$ 72,003	\$ 322,665
(2,068,084)	-	(2,068,084)	(1,882,050)
1,436,104	-	1,436,104	2,107,232
(72,130)	-	(72,130)	(67,227)
191,892	-	191,892	(35,695)
(440,215)	-	(440,215)	444,925
-	3,423,896	3,423,896	3,082,259
-	660,477	660,477	653,187
-	324,367	324,367	235,734
-	4,408,740	4,408,740	3,971,180
(440,215)	4,408,740	3,968,525	4,416,105
7,701,193	-	7,701,193	6,677,747
6,635,104	-	6,635,104	4,533,214
465,561	-	465,561	422,998
199,220	-	199,220	166,604
1,094,327	476,140	1,570,467	667,710
38,195	-	38,195	152,953
(121,416)	121,416	-	-
16,012,184	597,556	16,609,740	12,621,226
15,571,969	5,006,296	20,578,265	17,037,331
-	-	-	267,832
96,223,561	50,404,777	146,628,338	129,323,175
<u>\$ 111,795,530</u>	<u>\$ 55,411,073</u>	<u>\$ 167,206,603</u>	<u>\$ 146,628,338</u>

## TOWN OF JOHNSTOWN, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds
ASSETS				
Cash and Investments	\$ 52,228,150	\$ 18,481,131	\$ 19,194,632	\$ 5,560,235
Restricted Cash and Investments	928,625	-	-	-
Taxes Receivable	6,369,241	-	-	-
Accounts Receivable	1,026,781	-	94,670	28,162
Due from Other Funds	-	-	3,789	3,743
TOTAL ASSETS	<u>\$ 60,552,797</u>	<u>\$ 18,481,131</u>	<u>\$ 19,293,091</u>	<u>\$ 5,592,140</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 812,368	\$ 113,807	\$ 12,234	\$ -
Retainage Payable	34,684	-	-	-
Accrued Liabilities	121,011	-	-	11,711
Developer Escrows and Deposits	802,397	-	-	-
Due to Other Funds	24,876	-	-	3,789
TOTAL LIABILITIES	<u>1,795,336</u>	<u>113,807</u>	<u>12,234</u>	<u>15,500</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	<u>6,369,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	685,000	-	-	-
Restricted for Culture and Recreation	-	-	-	2,477,604
Restricted for Parks & Recreation	-	-	-	1,652,161
Restricted for Capital Improvements	-	18,367,324	13,530,857	25,755
Restricted for Cemetery Maintenance	-	-	-	120,895
Committed to I-25 Interchange Improvements	4,000,000	-	-	-
Committed for Capital Improvements	-	-	-	300,225
Committed for Contingencies	1,964,383	-	-	-
Committed for Equipment Replacement	3,556,886	-	-	-
Committed for Recreation Center	19,618,430	-	5,750,000	1,000,000
Unassigned	<u>22,563,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u>52,388,220</u>	<u>18,367,324</u>	<u>19,280,857</u>	<u>5,576,640</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	<u>\$ 60,552,797</u>	<u>\$ 18,481,131</u>	<u>\$ 19,293,091</u>	<u>\$ 5,592,140</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 (\$36,659), Net Pension Asset \$132,637, Deferred Outflows Related to Pensions \$265,200, and Deferred Inflows Related to Pensions of (\$139,181).

Net position of governmental activities

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

Total Governmental Funds	
2018	2017
\$ 95,464,148	\$ 82,122,120
928,625	1,784,647
6,369,241	5,693,002
1,149,613	1,089,627
7,532	7,532
<u>\$ 103,919,159</u>	<u>\$ 90,696,928</u>

\$ 938,409	\$ 129,085
34,684	-
132,722	83,466
802,397	1,542,021
28,665	28,665
<u>1,936,877</u>	<u>1,783,237</u>

<u>6,369,241</u>	<u>5,693,002</u>
------------------	------------------

685,000	580,000
2,477,604	2,209,332
1,652,161	2,534,385
31,923,936	29,490,651
120,895	114,115
4,000,000	2,000,000
300,225	238,483
1,964,383	1,717,977
3,556,886	3,001,363
26,368,430	25,000,000
<u>22,563,521</u>	<u>16,334,383</u>
<u>95,613,041</u>	<u>83,220,689</u>

15,960,492	12,877,809
<u>221,997</u>	<u>125,063</u>
<u>\$ 111,795,530</u>	<u>\$ 96,223,561</u>

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2018

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds
REVENUES				
Taxes and Fees	\$ 11,695,694	\$ -	\$ 3,069,456	\$ 235,928
Licenses and Permits	807,291	2,877,847	-	62,000
Intergovernmental	1,148,846	-	-	464,468
Charges for Services	751,504	-	-	334,829
Fines and Forfeitures	145,413	-	-	-
Interest Income	542,811	226,934	285,738	38,844
Miscellaneous	62,628	-	34,040	33,447
TOTAL REVENUES	<u>15,154,187</u>	<u>3,104,781</u>	<u>3,389,234</u>	<u>1,169,516</u>
EXPENDITURES				
General Government	1,368,025	-	-	-
Public Safety	2,151,841	10,980	-	-
Public Works	1,380,547	202,520	767,774	274,209
Health and Welfare	72,130	-	-	-
Culture and Recreation	230,455	-	-	612,803
Capital Outlay	2,875,276	92,411	-	264,979
TOTAL EXPENDITURES	<u>8,078,274</u>	<u>305,911</u>	<u>767,774</u>	<u>1,151,991</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,075,913</u>	<u>2,798,870</u>	<u>2,621,460</u>	<u>17,525</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,250,000	-	-	450,000
Transfers Out	<u>(571,416)</u>	<u>-</u>	<u>(2,250,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,678,584</u>	<u>-</u>	<u>(2,250,000)</u>	<u>450,000</u>
NET CHANGE IN FUND BALANCES	8,754,497	2,798,870	371,460	467,525
FUND BALANCES, Beginning	43,633,723	15,568,454	18,909,397	5,109,115
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 52,388,220</u>	<u>\$ 18,367,324</u>	<u>\$ 19,280,857</u>	<u>\$ 5,576,640</u>

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

Total Governmental Funds	
2018	2017
\$ 15,001,078	\$ 11,800,563
3,747,138	4,297,789
1,613,314	1,251,130
1,086,333	1,055,243
145,413	193,169
1,094,327	485,024
130,115	152,953
<u>22,817,718</u>	<u>19,235,871</u>
1,368,025	1,128,248
2,162,821	1,901,825
2,625,050	1,957,989
72,130	67,227
843,258	715,948
3,232,666	2,032,738
<u>10,303,950</u>	<u>7,803,975</u>
<u>12,513,768</u>	<u>11,431,896</u>
2,700,000	466,795
<u>(2,821,416)</u>	<u>(559,865)</u>
<u>(121,416)</u>	<u>(93,070)</u>
12,392,352	11,338,826
83,220,689	71,614,031
<u>-</u>	<u>267,832</u>
<u>\$ 95,613,041</u>	<u>\$ 83,220,689</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, 2018

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

Net Changes in Fund Balances - Total Governmental Funds \$ 12,392,352

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 \$3,765,115 exceeded depreciation expense (\$590,512) and loss from disposal (\$91,920), for the period. 3,082,683

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 the change in accrued compensated absences. (7,754)

Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized. 104,688

Change in Net Position of Governmental Activities \$ 15,571,969

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, 2018

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2018	2017
ASSETS					
Current Assets					
Cash and Investments	\$ 23,442,043	\$ 11,236,661	\$ 2,926,574	\$ 37,605,278	\$ 33,507,326
Accounts Receivable, net	100,030	158,294	34,489	292,813	403,665
Inventory	-	-	-	-	2,497
Due from Other Funds	-	-	21,133	21,133	21,133
Total Current Assets	23,542,073	11,394,955	2,982,196	37,919,224	33,934,621
Noncurrent Assets					
Capital Assets, net of Accumulated Depreciation	12,619,716	5,233,730	276,076	18,129,522	16,690,839
TOTAL ASSETS	36,161,789	16,628,685	3,258,272	56,048,746	50,625,460
LIABILITIES					
Current Liabilities					
Accounts Payable	112,632	337,288	1,000	450,920	146,902
Accrued Expenses	18,815	24,406	5,913	49,134	24,931
Accrued Compensated Absences	6,891	8,728	-	15,619	17,043
Total Current Liabilities	138,338	370,422	6,913	515,673	188,876
Noncurrent Liabilities					
Deposits	122,000	-	-	122,000	31,807
Total Noncurrent Liabilities	122,000	-	-	122,000	31,807
TOTAL LIABILITIES	260,338	370,422	6,913	637,673	220,683
NET POSITION					
Net Investment in Capital Assets	12,619,716	5,233,730	276,076	18,129,522	16,690,839
Unrestricted	23,281,735	11,024,533	2,975,283	37,281,551	33,713,938
TOTAL NET POSITION	\$ 35,901,451	\$ 16,258,263	\$ 3,251,359	\$ 55,411,073	\$ 50,404,777

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, 2018

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2018	2017
OPERATING REVENUES					
Charges for Services	\$ 2,933,688	\$ 1,919,222	\$ 508,617	\$ 5,361,527	\$ 4,952,692
Miscellaneous	831,868	22,258	-	854,126	380,639
TOTAL OPERATING REVENUES	3,765,556	1,941,480	508,617	6,215,653	5,333,331
OPERATING EXPENSES					
Administration	216,058	226,831	93,693	536,582	427,456
Operations	1,239,251	1,032,670	84,806	2,356,727	2,078,252
Depreciation	338,800	193,002	5,751	537,553	625,606
TOTAL OPERATING EXPENSES	1,794,109	1,452,503	184,250	3,430,862	3,131,314
OPERATING INCOME	1,971,447	488,977	324,367	2,784,791	2,202,017
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	294,696	119,081	62,363	476,140	182,686
TOTAL NON-OPERATING REVENUES (EXPENSES)	294,696	119,081	62,363	476,140	182,686
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,266,143	608,058	386,730	3,260,931	2,384,703
Capital Contributions	1,452,449	171,500	-	1,623,949	1,769,163
Transfers In	121,416	-	-	121,416	93,070
NET INCOME	3,840,008	779,558	386,730	5,006,296	4,246,936
NET POSITION, Beginning	32,061,443	15,478,705	2,864,629	50,404,777	46,157,841
NET POSITION, Ending	\$ 35,901,451	\$ 16,258,263	\$ 3,251,359	\$ 55,411,073	\$ 50,404,777

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, 2018  
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTALS	
				2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 3,840,167	\$ 1,974,471	\$ 511,868	\$ 6,326,506	\$ 5,278,533
Cash Paid to Suppliers	(1,428,340)	(960,741)	(174,934)	(2,564,015)	(2,526,351)
Net Cash Provided by Operating Activities	<u>2,411,827</u>	<u>1,013,730</u>	<u>336,934</u>	<u>3,762,491</u>	<u>2,752,182</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and Equipment	(1,600,021)	(376,216)	-	(1,976,237)	(498,365)
Capital Contributions	1,452,449	171,500	-	1,623,949	1,769,163
Deposits from Customers	90,193	-	-	90,193	(11,187)
Payments from Other Funds	121,416	-	-	121,416	93,070
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>64,037</u>	<u>(204,716)</u>	<u>-</u>	<u>(140,679)</u>	<u>1,352,681</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	294,696	119,081	62,363	476,140	182,686
Net Cash Provided by Investing Activities	<u>294,696</u>	<u>119,081</u>	<u>62,363</u>	<u>476,140</u>	<u>182,686</u>
Net Increase in Cash and Cash Equivalents	2,770,560	928,095	399,297	4,097,952	4,287,549
CASH AND INVESTMENTS, Beginning	<u>20,671,483</u>	<u>10,308,566</u>	<u>2,527,277</u>	<u>33,507,326</u>	<u>29,219,777</u>
CASH AND INVESTMENTS, Ending	<u>\$ 23,442,043</u>	<u>\$ 11,236,661</u>	<u>\$ 2,926,574</u>	<u>\$ 37,605,278</u>	<u>\$ 33,507,326</u>
OPERATING ACTIVITIES					
Operating Income	<u>\$ 1,971,447</u>	<u>\$ 488,977</u>	<u>\$ 324,367</u>	<u>\$ 2,784,791</u>	<u>\$ 2,202,017</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Amortization	338,800	193,002	5,751	537,553	625,606
Changes in Assets and Liabilities					
Accounts Receivable	74,611	32,991	3,251	110,853	(54,798)
Inventory	2,497	-	-	2,497	-
Accounts Payable	16,241	287,622	155	304,018	(21,096)
Accrued Expenses	9,073	11,720	3,410	24,203	(939)
Accrued Compensated Absences	(842)	(582)	-	(1,424)	1,392
Total Adjustments	<u>440,380</u>	<u>524,753</u>	<u>12,567</u>	<u>977,700</u>	<u>550,165</u>
Net Cash Provided by Operating Activities	<u>\$ 2,411,827</u>	<u>\$ 1,013,730</u>	<u>\$ 336,934</u>	<u>\$ 3,762,491</u>	<u>\$ 2,752,182</u>

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

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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, 2018

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, 2018

**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, 2018

**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, 2018

**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, 2018

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, 2018, 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, 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. The Town also reports unspent balances in the Street Maintenance Fund as committed for capital improvements.
- 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, 2018

**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, 2018

**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, 2018 actual expenditures in the Impact Fee Fund exceeded budgeted amounts by \$33,211. This may be a violation of State statute.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2018 follows:

Petty Cash	\$ 50
Cash Deposits	35,849,175
Investments	<u>98,148,826</u>
Total	<b><u>\$ 133,998,051</u></b>

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

Governmental Activities - Unrestricted	\$ 95,464,148
Governmental Activities – Restricted	928,625
Business-type Activities- Unrestricted	<u>37,605,278</u>
Total	<b><u>\$ 133,998,051</u></b>

**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, 2018, 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, 2018, the Town had deposits with financial institutions with a carrying amount of \$35,849,175. The bank balances with the financial institutions were \$35,982,893. Of these balances, \$750,000 was covered by federal depository insurance and \$35,232,893 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, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

As of December 31, 2018, the Town had the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
		<u>0 – 1 Years</u>	<u>1 – 5 Years</u>
U.S. Government Securities	\$ 11,932,740	\$ 5,981,050	\$ 5,951,690
U.S. Government Agencies	15,870,655	11,420,520	4,450,135
Corporate Bonds	7,983,608	1,981,790	6,001,818
Money Market Funds	3,582,938	3,582,938	-
Mutual Funds	1,032,615	1,032,615	-
Local Government Investment Pools	<u>57,746,270</u>	<u>57,746,270</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 98,148,826</u></b>	<b><u>\$ 81,745,183</u></b>	<b><u>\$ 16,403,643</u></b>

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, 2018, 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 Bonds ratings range from Aa1 to Aa3 by Moody's Investors. The Town's Mutual Funds are not rated.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Investment Pools

The Town had invested \$16,246,765 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and 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 pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The Town had invested \$41,499,505 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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Investment Pools (Continued)

The Town invested \$3,582,938 in a Money Market Mutual Fund. The Fund invests only in government securities as defined under the Investment Company Act of 1940 (the “1940 Act”), as amended. The Fund intends to be a government money market fund as defined under Rule 2a-7 under the 1940 Act. The fair value of investments in the fund is based on the published net asset values per share of those funds and is maintained at a stable net asset value of \$1.00 per share. The fund values its securities using amortized cost.

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, 2018, the Town held investments in U.S. Government Securities and U.S. Government Agencies in the amount of \$11,932,740 and \$15,870,655, 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 and Mutual Funds in the amount of \$7,983,608 and \$1,032,615, respectively, with maturity dates of less than one and four years. These investments are valued with Level 1 inputs.

**Restricted Cash and Investments**

Cash and Investment in the amount of \$928,625 are restricted in the General Fund for developer and escrow deposits.



TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2018 is summarized below:

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 99,633	\$ 1,000,000	\$ -	\$ 1,099,633
Construction in Progress	<u>-</u>	<u>1,515,838</u>	<u>-</u>	<u>1,515,838</u>
Total Capital Assets, not depreciated	<u>99,633</u>	<u>2,515,838</u>	<u>-</u>	<u>2,615,471</u>
Capital Assets, depreciated				
Buildings	9,796,183	-	-	9,796,183
Improvements	3,180,978	-	-	3,180,978
Infrastructure	1,717,896	-	-	1,717,896
Equipment	<u>3,203,126</u>	<u>1,249,277</u>	<u>115,650</u>	<u>4,336,753</u>
Total Capital Assets, depreciated	<u>17,898,183</u>	<u>1,249,277</u>	<u>115,650</u>	<u>19,031,810</u>
Less Accumulated Depreciation				
Buildings	2,006,530	193,322	-	2,199,852
Improvements	761,347	62,761	-	824,108
Infrastructure	34,357	34,358	-	68,715
Equipment	<u>2,317,773</u>	<u>300,071</u>	<u>23,730</u>	<u>2,594,114</u>
Total Accumulated Depreciation	<u>5,120,007</u>	<u>590,512</u>	<u>23,730</u>	<u>5,686,789</u>
Total Capital Assets, depreciated, Net	<u>12,778,176</u>	<u>658,765</u>	<u>91,920</u>	<u>13,345,021</u>
Governmental Activities, Capital Assets, Net	<u><b>\$ 12,877,809</b></u>	<u><b>\$ 3,174,603</b></u>	<u><b>\$ 91,920</b></u>	<u><b>\$ 15,960,492</b></u>

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

**Governmental Activities**

General Government	\$ 111,013
Public Safety	155,364
Public Works	246,671
Culture and Recreation	<u>77,464</u>
Total	<u><b>\$ 590,512</b></u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 4: CAPITAL ASSETS (Continued)**

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 72,405	\$ -	\$ -	\$ 72,405
Water Rights	2,952,249	1,500,000	-	4,452,249
Construction in Progress	<u>-</u>	<u>58,684</u>	<u>-</u>	<u>58,684</u>
Total Capital Assets, not depreciated	<u>3,024,654</u>	<u>1,558,684</u>	<u>-</u>	<u>4,583,338</u>
Capital Assets, depreciated				
Utility Systems	21,603,792	-	-	21,603,792
Equipment	<u>280,013</u>	<u>417,552</u>	<u>-</u>	<u>697,565</u>
Total Capital Assets, depreciated	<u>21,883,805</u>	<u>417,552</u>	<u>-</u>	<u>22,301,357</u>
Less: Accumulated Depreciation				
Utility Systems	8,120,792	501,288	-	8,622,080
Equipment	<u>96,828</u>	<u>36,265</u>	<u>-</u>	<u>133,093</u>
Total Accumulated Depreciation	<u>8,217,620</u>	<u>537,553</u>	<u>-</u>	<u>8,755,173</u>
Total Capital Assets, depreciated, Net	<u>13,666,185</u>	<u>(120,001)</u>	<u>-</u>	<u>13,546,184</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 16,690,839</u>	<u>\$ 1,438,683</u>	<u>\$ -</u>	<u>\$ 18,129,522</u>

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

**Business-type Activities**

Water Fund	\$ 338,800
Wastewater Fund	193,002
Drainage Fund	<u>5,751</u>
Total	<u>\$ 537,553</u>

The Town has determined that it may have received various capital contributions in the form of water rights through various agreements with developers. As of December 31, 2018, the Town is unable to determine the quantity and fair value at the time the ownership was transferred to the Town, and therefore has not capitalized these water rights. The Town is in the process of determining the value of the water rights during the fiscal year ended December 31, 2019.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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, 2018.

	Balance <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/18</u>	Due In <u>One Year</u>
Accrued Compensated Absences	\$ 28,905	\$ 7,754	\$ -	\$ 36,659	\$ -

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

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2018.

	Balance <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/18</u>	Due In <u>One Year</u>
Accrued Compensated Absences	\$ 17,043	\$ -	\$ 1,424	\$ 15,619	\$ -

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

**NOTE 6: INTERFUND AMOUNTS**

As of December 31, 2018, 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
Drainage Fund	General Fund	<u>21,133</u>
<b>Total</b>		<b><u>\$ 28,665</u></b>

At December 31, 2018, these amounts are owed between funds due to timing differences related to receipts and disbursements.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: INTERFUND AMOUNTS** (Continued)

Interfund transfers for the year ended December 31, 2018, were comprised of the following:

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Water Fund	\$ 121,416
General Fund	Library Fund	450,000
Use Tax Capital Improvement Fund	General Fund	<u>2,250,000</u>
<b>Total</b>		<b><u>\$ 2,821,416</u></b>

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 from the Use Tax Capital Improvement Fund were made to assist with the recreation center 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, 2018, the Town reimbursed sales taxes to the owners of the Johnson's Corner Property in the amount of \$114,900.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 7: TAX ABATEMENTS** (Continued)

**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, 2018, the Town reimbursed sales taxes to the owners of the 2534 Development property in the amount of \$332,474.

**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.

**General Information about the Pension Plan**

*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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

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.

*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 9.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 17.5 percent in 2017. 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 21.5 percent of base salary in 2017. 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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

The contribution rate for members and employers of affiliated social security employers is 4.75 and 4 percent, respectively, of base salary for a total contribution rate of 8.75 percent in 2017. 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, 2018 the Town reported an asset in the amount of \$132,637 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Town's proportion of the net pension asset was based on the Town's contributions to the SWDB Plan for the calendar year 2017 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2017, the Town's proportion was 0.09219%, which was a decrease of 0.00531% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Town recognized pension income of \$53,672. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$95,650	\$3,262
Net difference between projected and actual earnings on pension plan investments	\$89,920	\$134,955
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$6,838	\$964
Change in assumptions and other inputs	\$21,776	N/A
Contributions subsequent to the measurement date	\$51,016	N/A
<b>Total</b>	<b>\$265,200</b>	<b>\$139,181</b>

\$51,016 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31</b>	
2019	\$ 11,009
2020	\$ 11,009
2021	\$ 11,009
2022	(\$ 18,965)
2023	\$ 14,774
Thereafter	\$ 46,167



TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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 SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2018
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, 2017
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%	

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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 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, 2018 and were used in the roll-forward calculation of the total pension liability as of December 31, 2017. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2017. 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 (assumed at 2.5 percent). 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Illiquid Alternatives	24.0%	9.70%
Fixed Income	15.0%	3.00%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	6.85%
Cash	2.0%	2.26%
Total	100.0%	

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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)

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 3.31% (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%.

*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)	\$144,402	(\$132,637)	(\$362,682)

*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>.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**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)

*Subsequent Event:* The FPPA Board completed an actuarial experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation assumption will remain at 2.5%. The investment return assumption will be reduced from 7.5% to 7.0% which will increase the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from recent capital market data.

**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 \$85,002 and \$83,629 to the plan for the years ended December 31, 2017 and 2018 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.

**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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 11: COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment** (Continued)

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$685,000 was recorded in the General Fund.

**NOTE 12: SUBSEQUENT EVENT**

In February 2019, the Town entered into a settlement agreement with the Thompson Crossing Metropolitan District No. 1 related to Water Service Certificates and Wastewater PIF's. Under this agreement the Town agreed to a payment in the amount of \$9 million to the District and has acquired the rights to sell these tapping services to future development. Ultimately, the costs expended are expected to be recovered through future development.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF JOHNSTOWN, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2017 ACTUAL
REVENUES					
Taxes and Fees	\$ 8,258,000	\$ 8,258,000	\$ 11,695,694	\$ 3,437,694	\$ 8,686,010
Licenses and Permits	493,700	493,700	807,291	313,591	821,249
Intergovernmental	565,000	565,000	1,148,846	583,846	832,657
Charges for Services	692,100	692,100	751,504	59,404	738,829
Fines and Forfeitures	120,000	120,000	145,413	25,413	193,169
Interest Income	77,200	77,200	542,811	465,611	217,488
Miscellaneous	10,000	10,000	62,628	52,628	135,026
TOTAL REVENUES	10,216,000	10,216,000	15,154,187	4,938,187	11,624,428
EXPENDITURES					
General Government	1,374,600	1,374,600	1,368,025	6,575	1,128,248
Public Safety	2,332,100	2,332,100	2,151,841	180,259	1,831,102
Public Works	1,512,300	1,512,300	1,380,547	131,753	1,312,620
Health and Welfare	73,600	73,600	72,130	1,470	67,227
Culture and Recreation	987,300	987,300	230,455	756,845	233,694
Capital Outlay	28,292,100	34,292,100	2,875,276	31,416,824	205,319
Contingencies	1,880,500	1,880,500	-	1,880,500	-
TOTAL EXPENDITURES	36,452,500	42,452,500	8,078,274	34,374,226	4,778,210
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,236,500)	(32,236,500)	7,075,913	39,312,413	6,846,218
OTHER FINANCING SOURCES (USES)					
Transfers In	6,000,000	6,000,000	2,250,000	(3,750,000)	-
Transfers Out	(637,700)	(637,700)	(571,416)	66,284	(559,613)
TOTAL OTHER FINANCING SOURCES (USES)	5,362,300	5,362,300	1,678,584	(3,683,716)	(559,613)
NET CHANGE IN FUND BALANCE	(20,874,200)	(26,874,200)	8,754,497	35,628,697	6,286,605
FUND BALANCES, Beginning	40,810,200	40,810,200	43,633,723	2,823,523	37,079,286
Prior Period Adjustment	-	-	-	-	267,832
FUND BALANCE, Ending	\$ 19,936,000	\$ 13,936,000	\$ 52,388,220	\$ 38,452,220	\$ 43,633,723

See the accompanying independent auditors' report.

## TOWN OF JOHNSTOWN, COLORADO

IMPACT FEE FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Licenses and Permits	\$ 1,072,000	\$ 2,877,847	\$ 1,805,847	\$ 3,406,535
Interest Income	50,000	226,934	176,934	98,976
TOTAL REVENUES	1,122,000	3,104,781	1,982,781	3,505,511
EXPENDITURES				
Public Safety	33,200	10,980	22,220	70,723
Public Works	146,500	202,520	(56,020)	6,305
Capital Outlay	93,000	92,411	589	682,711
TOTAL EXPENDITURES	272,700	305,911	(33,211)	759,739
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	849,300	2,798,870	1,949,570	2,745,772
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	36,370
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	36,370
NET CHANGE IN FUND BALANCE	849,300	2,798,870	1,949,570	2,782,142
FUND BALANCE, Beginning	13,474,500	15,568,454	2,093,954	12,786,312
FUND BALANCE, Ending	<u>\$ 14,323,800</u>	<u>\$ 18,367,324</u>	<u>\$ 4,043,524</u>	<u>\$ 15,568,454</u>

See the accompanying independent auditors' report.



TOWN OF JOHNSTOWN, COLORADO

USE TAX CAPITAL IMPROVEMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Taxes	\$ 1,000,000	\$ 3,069,456	\$ 2,069,456	\$ 2,892,774
Developer Reimbursement	60,000	34,040	(25,960)	-
Interest Income	65,000	285,738	220,738	144,668
TOTAL REVENUES	1,125,000	3,389,234	2,264,234	3,037,442
EXPENDITURES				
Public Works	2,017,500	767,774	1,249,726	561,002
Capital Outlay	-	-	-	1,019,181
TOTAL EXPENDITURES	2,017,500	767,774	1,249,726	1,580,183
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(892,500)	2,621,460	3,513,960	1,457,259
OTHER FINANCING USES				
Transfers In	-	-	-	21,933
Transfers Out	(6,000,000)	(2,250,000)	3,750,000	-
TOTAL OTHER FINANCING USES	(6,000,000)	(2,250,000)	3,750,000	21,933
NET CHANGE IN FUND BALANCES	(6,892,500)	371,460	7,263,960	1,479,192
FUND BALANCES, Beginning	17,131,700	18,909,397	1,777,697	17,430,205
FUND BALANCES, Ending	<u>\$ 10,239,200</u>	<u>\$ 19,280,857</u>	<u>\$ 9,041,657</u>	<u>\$ 18,909,397</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>	<u>2016</u>	<u>2017</u>
Town's proportionate share of the Net Pension Liability (Asset)	0.098%	0.095%	0.092%	0.098%	0.092%
Town's proportionate share of the Net Pension Liability (Asset)	\$ (87,606)	\$ (107,336)	\$ (1,619)	\$ 35,231	\$ (132,637)
Town's covered payroll	\$ 853,314	\$ 868,643	\$ 911,068	\$ 997,981	\$ 1,040,266
Town's proportionate share of the Net Pension Liability (Assets) as a percentage of its covered payroll	-10.3%	-12.4%	-0.2%	3.5%	-12.8%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%

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>	<u>2017</u>	<u>2018</u>
Statutorily required contributions	34,043	\$ 34,216	\$ 36,443	\$ 39,919	\$ 41,450	\$ 51,016
Contributions in relation to the Statutorily required contributions	<u>34,043</u>	<u>34,216</u>	<u>36,443</u>	<u>39,919</u>	<u>41,450</u>	<u>51,016</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 853,314	\$ 868,643	\$ 911,068	\$ 997,981	\$ 1,040,266	\$ 1,277,103
Contributions as a percentage of covered payroll	3.99%	3.94%	4.00%	4.00%	3.98%	3.99%

See the accompanying independent auditors' report.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

## TOWN OF JOHNSTOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2018

	SPECIAL REVENUE				
	LIBRARY FUND	CEMETERY FUND	STREET MAINTENANCE FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND
ASSETS					
Cash and Investments	\$ 2,489,315	\$ 120,895	\$ 272,063	\$ 25,801	\$ 2,652,161
Accounts Receivable	-	-	28,162	-	-
Due from Other Funds	-	-	-	3,743	-
TOTAL ASSETS	<u>\$ 2,489,315</u>	<u>\$ 120,895</u>	<u>\$ 300,225</u>	<u>\$ 29,544</u>	<u>\$ 2,652,161</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accrued Liabilities	\$ 11,711	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	3,789	-
TOTAL LIABILITIES	<u>11,711</u>	<u>-</u>	<u>-</u>	<u>3,789</u>	<u>-</u>
FUND EQUITY					
Fund Balance					
Restricted for Culture and Recreation	2,477,604	-	-	-	-
Restricted for Parks & Recreation	-	-	-	-	1,652,161
Restricted for Capital Improvements	-	-	-	25,755	-
Restricted for Cemetery Maintenance	-	120,895	-	-	-
Committed for Capital Improvements	-	-	300,225	-	-
Committed for Recreation Center	-	-	-	-	1,000,000
TOTAL FUND EQUITY	<u>2,477,604</u>	<u>120,895</u>	<u>300,225</u>	<u>25,755</u>	<u>2,652,161</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,489,315</u>	<u>\$ 120,895</u>	<u>\$ 300,225</u>	<u>\$ 29,544</u>	<u>\$ 2,652,161</u>

See the accompanying independent auditors' report.

TOTALS

2018	2017
\$ 5,560,235	\$ 5,080,870
28,162	38,604
3,743	3,743
<u>\$ 5,592,140</u>	<u>\$ 5,123,217</u>

\$ 11,711	\$ 10,313
3,789	3,789
<u>15,500</u>	<u>14,102</u>

2,477,604	2,209,332
1,652,161	2,534,385
25,755	12,800
120,895	114,115
300,225	238,483
1,000,000	238,483
<u>5,576,640</u>	<u>5,347,598</u>

<u>\$ 5,592,140</u>	<u>\$ 5,361,700</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, 2018

	SPECIAL REVENUE				
			STREET MAINTENANCE FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND
	LIBRARY FUND	CEMETERY FUND			
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 127,816	\$ 108,112
Charges for Services	-	-	334,829	-	-
Licenses and Permits	-	-	-	-	62,000
Intergovernmental	386,123	-	-	-	78,345
Interest Income	10,338	2,937	1,122	39	24,408
Miscellaneous	16,598	3,843	-	-	13,006
TOTAL REVENUES	413,059	6,780	335,951	127,855	285,871
EXPENDITURES					
Public Works	-	-	274,209	-	-
Culture and Recreation	594,787	-	-	-	18,016
Capital Outlay	-	-	-	114,900	150,079
TOTAL EXPENDITURES	594,787	-	274,209	114,900	168,095
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(181,728)	6,780	61,742	12,955	117,776
OTHER FINANCING SOURCES (USES)					
Transfers In	450,000	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	450,000	-	-	-	-
NET CHANGE IN FUND BALANCE	268,272	6,780	61,742	12,955	117,776
FUND BALANCE, Beginning	2,209,332	114,115	238,483	12,800	2,534,385
FUND BALANCE, Ending	\$ 2,477,604	\$ 120,895	\$ 300,225	\$ 25,755	\$ 2,652,161

See the accompanying independent auditors' report.

TOTALS

2018	2017
\$ 235,928	\$ 221,779
334,829	316,414
62,000	70,005
464,468	418,473
38,844	23,892
33,447	17,927
<u>1,169,516</u>	<u>1,068,490</u>
274,209	78,062
612,803	482,254
264,979	125,527
<u>1,151,991</u>	<u>685,843</u>
<u>17,525</u>	<u>382,647</u>
450,000	408,492
<u>-</u>	<u>(252)</u>
<u>450,000</u>	<u>408,240</u>
467,525	790,887
<u>5,109,115</u>	<u>4,318,228</u>
<u>\$ 5,576,640</u>	<u>\$ 5,109,115</u>



TOWN OF JOHNSTOWN, COLORADO

LIBRARY FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Intergovernmental	\$ 387,900	\$ 386,123	\$ (1,777)	\$ 344,793
Interest Income	-	10,338	10,338	6,796
Miscellaneous	12,000	16,598	4,598	8,241
TOTAL REVENUES	399,900	413,059	13,159	359,830
EXPENDITURES				
Culture and Recreation	813,000	594,787	218,213	451,141
TOTAL EXPENDITURES	813,000	594,787	218,213	451,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(413,100)	(181,728)	231,372	(91,311)
OTHER FINANCING SOURCES (USES)				
Transfers In	450,000	450,000	-	408,492
TOTAL OTHER FINANCING SOURCES	450,000	450,000	-	408,492
NET CHANGE IN FUND BALANCE	36,900	268,272	231,372	317,181
FUND BALANCE, Beginning	2,098,100	2,209,332	111,232	1,892,151
FUND BALANCE, Ending	\$ 2,135,000	\$ 2,477,604	\$ 342,604	\$ 2,209,332

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CEMETERY FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Sale of Lots	\$ 3,000	\$ 3,843	\$ 843	\$ 3,537
Interest Income	900	2,937	2,037	1,272
TOTAL REVENUES	3,900	6,780	2,880	4,809
EXPENDITURES				
Operations and Maintenance	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	3,900	6,780	2,880	4,809
FUND BALANCES, Beginning	113,400	114,115	715	109,306
FUND BALANCES, Ending	<u>\$ 117,300</u>	<u>\$ 120,895</u>	<u>\$ 3,595</u>	<u>\$ 114,115</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

STREET MAINTENANCE FEE FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Charges for Services	305,000	\$ 334,829	\$ 29,829	\$ 316,414
Interest Income	500	1,122	622	131
TOTAL REVENUES	305,500	335,951	30,451	316,545
EXPENDITURES				
Public Works	300,000	274,209	25,791	78,062
TOTAL EXPENDITURES	300,000	274,209	25,791	78,062
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,500	61,742	56,242	238,483
FUND BALANCES, Beginning	200,500	238,483	37,983	-
FUND BALANCES, Ending	<u>\$ 206,000</u>	<u>\$ 300,225</u>	<u>\$ 94,225</u>	<u>\$ 238,483</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

JOHNSON'S CORNER CAPITAL IMPROVEMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Taxes	112,500	\$ 127,816	\$ 15,316	\$ 120,028
Interest Income	100	39	(61)	19
TOTAL REVENUES	112,600	127,855	15,255	120,047
EXPENDITURES				
Public Works	114,900	114,900	-	109,800
TOTAL EXPENDITURES	114,900	114,900	-	109,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,300)	12,955	15,255	10,247
FUND BALANCES, Beginning	2,300	12,800	10,500	2,553
FUND BALANCES, Ending	\$ -	\$ 25,755	\$ 25,755	\$ 12,800

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CONSERVATION TRUST FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Use Tax	\$ 70,000	\$ 108,112	\$ 38,112	\$ 101,751
Licenses and Permits	62,500	62,000	(500)	70,005
Intergovernmental	90,000	78,345	(11,655)	73,680
Interest Income	9,000	24,408	15,408	15,674
Miscellaneous	5,000	13,006	8,006	6,149
TOTAL REVENUES	236,500	285,871	49,371	267,259
EXPENDITURES				
Culture and Recreation	54,000	18,016	35,984	31,113
Capital Outlay	165,000	150,079	14,921	15,727
TOTAL EXPENDITURES	219,000	168,095	50,905	46,840
NET CHANGE IN FUND BALANCE	17,500	117,776	100,276	220,419
FUND BALANCE, Beginning	2,471,100	2,534,385	63,285	2,313,966
FUND BALANCE, Ending	<u>\$ 2,488,600</u>	<u>\$ 2,652,161</u>	<u>\$ 163,561</u>	<u>\$ 2,534,385</u>

See the accompanying independent auditors' report.

## TOWN OF JOHNSTOWN, COLORADO

WATER FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES					
Charges for Services	\$ 2,500,000	\$ 2,500,000	\$ 2,933,688	\$ 433,688	\$ 2,710,234
Contributions	-	-	1,452,449	1,452,449	1,577,923
Interest Income	71,000	71,000	294,696	223,696	101,372
Miscellaneous	150,000	150,000	831,868	681,868	355,101
Transfers In	187,700	187,700	121,416	(66,284)	93,070
TOTAL REVENUES	2,908,700	2,908,700	5,634,117	2,725,417	4,837,700
EXPENDITURES					
Administration	259,800	259,800	216,058	43,742	161,248
Operations	1,451,500	1,451,500	1,239,251	212,249	1,060,860
Capital Outlay	-	1,500,000	1,582,484	(82,484)	183,247
TOTAL EXPENDITURES	1,711,300	3,211,300	3,037,793	173,507	1,405,355
NET INCOME, Budget Basis	<u>\$ 1,197,400</u>	<u>\$ (302,600)</u>	2,596,324	<u>\$ 2,898,924</u>	3,432,345
GAAP BASIS ADJUSTMENTS					
Capital Outlay			1,582,484		183,247
Depreciation Expense			(338,800)		(338,891)
NET INCOME, GAAP Basis			3,840,008		3,276,701
NET POSITION, Beginning			32,061,443		28,784,742
NET POSITION, Ending			<u>\$ 35,901,451</u>		<u>\$ 32,061,443</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

WASTEWATER FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018		VARIANCE	2017
	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES				
Charges for Services	\$ 1,825,000	\$ 1,919,222	\$ 94,222	\$ 1,831,209
Contributions	-	171,500	171,500	191,240
Interest Income	50,000	119,081	69,081	51,725
Miscellaneous	10,000	22,258	12,258	25,538
TOTAL REVENUES	1,885,000	2,232,061	347,061	2,099,712
EXPENDITURES				
Administration	295,400	226,831	68,569	186,617
Operations	1,327,800	1,032,670	295,130	927,220
Capital Outlay	400,000	376,216	23,784	27,538
TOTAL EXPENDITURES	2,023,200	1,635,717	387,483	1,141,375
NET INCOME, Budget Basis	<u>\$ (138,200)</u>	596,344	<u>\$ 734,544</u>	958,337
GAAP BASIS ADJUSTMENTS				
Capital Outlay		376,216		27,538
Depreciation Expense		(193,002)		(280,963)
TOTAL GAAP BASIS ADJUSTMENTS		183,214		(253,425)
NET INCOME, GAAP Basis		779,558		704,912
NET POSITION, Beginning		15,478,705		14,773,793
NET POSITION, Ending		<u>\$ 16,258,263</u>		<u>\$ 15,478,705</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

DRAINAGE ENTERPRISE FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Drainage Fees	\$ 416,000	\$ 508,617	\$ 92,617	\$ 411,249
Interest Income	22,500	62,363	39,863	29,589
TOTAL REVENUES	438,500	570,980	132,480	440,838
EXPENDITURES				
Administration	134,100	93,693	40,407	79,591
Operations	130,100	84,806	45,294	90,172
Capital Outlay	90,000	-	90,000	287,580
TOTAL EXPENDITURES	354,200	178,499	175,701	457,343
NET INCOME, Budget Basis	<u>\$ 84,300</u>	392,481	<u>\$ 308,181</u>	(16,505)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		-		287,580
Depreciation Expense		(5,751)		(5,752)
NET INCOME, GAAP Basis		386,730		265,323
NET POSITION, Beginning		2,864,629		2,599,306
NET POSITION, Ending		<u>\$ 3,251,359</u>		<u>\$ 2,864,629</u>

See the accompanying independent auditors' report.



## **STATE COMPLIANCE**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Weld
	YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _ ) Prepared By: Phone:	

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	316,291
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	392,038
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	16,841
3. Other local imposts (from page 2)	467,986	c. Other	21,929
4. Miscellaneous local receipts (from page 2)		d. Total (a. through c.)	38,770
5. Transfers from toll facilities		4. General administration & miscellaneous	5,524
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	391,823
a. Bonds - Original Issues		6. Total (1 through 5)	1,144,447
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	467,986	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b>		2. Notes:	
(from page 2)	676,459	a. Interest	0
<b>D. Receipts from Federal Government</b>		b. Redemption	0
(from page 2)	0	c. Total (a. + b.)	0
<b>E. Total receipts (A.7 + B + C + D)</b>	1,144,445	3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,144,447

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,144,445	1,144,447	0	(1)

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
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	467,986	g. Other Misc. Receipts	
6. Total (1. through 5.)	467,986	h. Other	
c. Total (a. + b.)	467,986	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	612,199	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	64,261	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	64,261	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	676,459	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	250,000	66,291	316,291
(5). Total Construction (1) + (2) + (3) + (4)	250,000	66,291	316,291
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	250,000	66,291	316,291
			(Carry forward to page 1)

**Notes and Comments:**