

TOWN OF JOHNSTOWN, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2015

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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, 2015, 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, 2015, 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 31-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Johnstown's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

September 29, 2015

As management of the Town of Johnstown (“Town”), we offer readers of the town’s financial statements this narrative overview and analysis of the financial activities for the calendar year ending December 31, 2015. We encourage readers to consider this information in conjunction with the additional information presented in our basic financial statements to better understand the financial position of the Town of Johnstown.

A. FINANCIAL HIGHLIGHTS

- The assets of the town exceeded its liabilities by \$113,606,816 at the end of 2015.
- The town’s unassigned fund balance of the General Fund was \$27,740,165, while committed fund balance totaled \$2,658,964 of which \$1,232,070 was for contingencies and \$1,426,894 for equipment replacement. The unassigned portion of the fund balance is available to meet the town’s reserve requirements and future spending at the town’s discretion.
- The town had \$4,555,078 in expenses related to governmental activities, which were offset by general revenues consisting of property taxes, specific ownership taxes totaling \$3,770,926, sales taxes of \$2,454,849 and other revenues of \$2,895,175.
- Sales, use and property tax revenues totaled \$8,263,489. Property tax revenue and sales tax revenue increased by an average of two percent (2%) from 2014. Use tax revenue decreased from the prior year due to fewer building permits being issued.
- Income in the town’s enterprise funds totaled \$6,996,427. The cost of providing services was \$3,313,026.
- Major capital assets include street improvements, water distribution and plant improvements, improvements to various parks, acquisition of police vehicles and equipment, public works and information technology equipment.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

Fund Financial Statements

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

Governmental funds – Most of the town's basic services are included in governmental funds, which generally focus on: (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine financial resources that may be available in the near term to finance town programs. Because this information does not encompass the long-term focus of the town's statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

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

Notes to financial statements

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

Other Information

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

Capital Assets

Beginning with the 2003 financial statements, the town must comply with capital assets reporting requirements as specified in *Governmental Accounting Standards Board Statement 34 (GASB34)*. One of the requirements is to report capital assets in the government-wide financial statements. The town has complied with these requirements. Accordingly, the government-wide financial statements include information about capital assets and infrastructure and their related expenses.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The town's combined net position for the year ending December 31, 2015 increased by eleven percent (11%) compared to the prior year totaling \$113,606,816. The Statement of Net Position table below provides a summary of the town's net position at December 31, 2015 with comparisons to 2014.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current & other assets	\$64,253,303	\$54,925,369	\$ 25,311,418	\$23,182,547	\$89,564,721	\$78,107,916
Capital assets	11,252,265	9,110,971	17,034,419	18,991,646	28,286,684	28,102,617
Total Assets	75,505,568	64,036,340	42,345,837	42,174,193	117,851,405	106,210,533
Deferred Outflows	47,226	-	-	-	47,226	-
Current Liabilities	490,172	410,377	273,706	351,315	763,878	761,692
Noncurrent Liabilities		0	0	0	0	0
Total Liabilities	490,172	410,377	273,706	351,315	763,878	3,082,545
Deferred Inflows of Resources:	3,527,937	3,150,000	0	0	3,527,937	3,150,000
Net Position:						
Net Investment in Capital Assets	11,252,265	9,110,971	17,034,419	18,991,646	28,286,684	28,102,617
net of related debt	0	0	0	0	0	0
Restricted	425,000	364,000	0	-	425,000	364,000
Unrestricted	59,857,420	51,000,992	25,037,712	22,831,232	84,895,132	73,832,224
Total Net Position	\$ 71,534,685	\$60,475,963	\$ 42,072,131	\$41,822,878	\$113,606,816	\$ 102,298,841

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

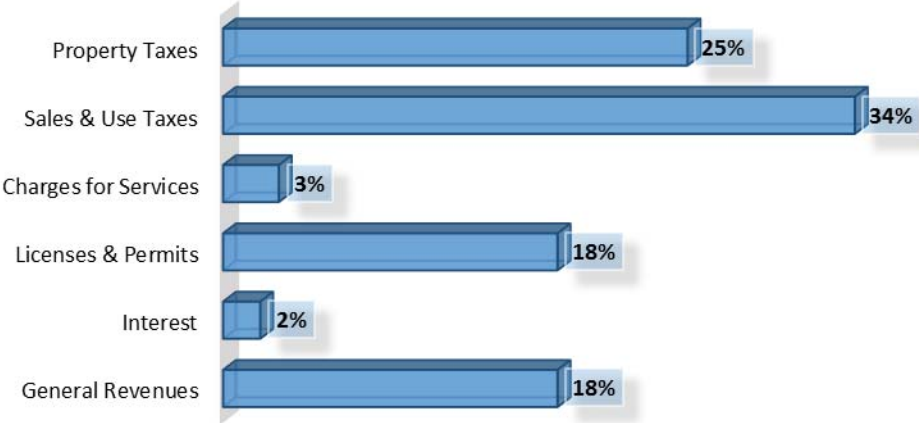
Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 537,908	\$ 539,124	\$4,520,701	\$4,007,685	\$5,058,609	\$4,546,809
Operating grants	0	0	0	0	0	0
Capital contributions	0	0	1,656,761	2,877,043	1,656,761	2,877,043
General revenues:						
Property taxes	3,501,722	3,427,206	0	0	3,501,722	3,427,206
Sales & use taxes	4,716,677	6,681,196	0	0	4,716,677	6,681,196
Licenses & Permits	2,571,703	2,763,035	0	0	2,571,703	2,763,035
Interest Income	179,783	226,273	74,508	103,543	254,291	329,816
Miscellaneous	2,624,815	1,335,633	562,257	362,277	3,187,072	1,697,910
Total revenues	<u>14,132,608</u>	<u>14,972,467</u>	<u>6,814,227</u>	<u>7,350,548</u>	<u>20,946,835</u>	<u>22,323,015</u>
Expenses:						
General Government	589,263	570,763	-	-	589,263	570,763
Public Safety	1,845,151	1,795,449	-	-	1,845,151	1,795,449
Public Works	2,988,960	2,427,995	-	-	2,988,960	2,427,995
Health and Welfare	99,220	113,901	-	-	99,220	113,901
Culture and Recreation	856,898	1,578,863	-	-	856,898	1,578,863
Capital Outlay	238,547	0-	-	-	238,547	0 -
Drainage Fund	-	-	136,756	239,100	136,756	239,100
Water	-	-	1,537,506	1,507,894	1,537,506	1,507,894
Wastewater	-	-	1,155,384	1,286,702	1,155,384	1,286,702
Total expenses	<u>6,618,039</u>	<u>6,486,971</u>	<u>2,829,646</u>	<u>3,033,696</u>	<u>9,447,685</u>	<u>9,520,667</u>
Transfers In (Out)	(96,826)	(95,986)	96,826	95,986	0	0
Change in Net Position	<u>7,417,743</u>	<u>8,389,510</u>	<u>4,081,407</u>	<u>4,412,838</u>	<u>11,499,150</u>	<u>12,802,348</u>
Fund Balance – Beginning	<u>\$52,740,978</u>	<u>\$44,351,468</u>	<u>\$37,990,724</u>	<u>\$33,577,886</u>	<u>\$90,731,702</u>	<u>\$77,929,354</u>
Net Position – Ending	<u>\$60,158,721</u>	<u>\$52,740,978</u>	<u>\$42,072,131</u>	<u>\$37,990,724</u>	<u>\$102,230,852</u>	<u>\$90,731,702</u>

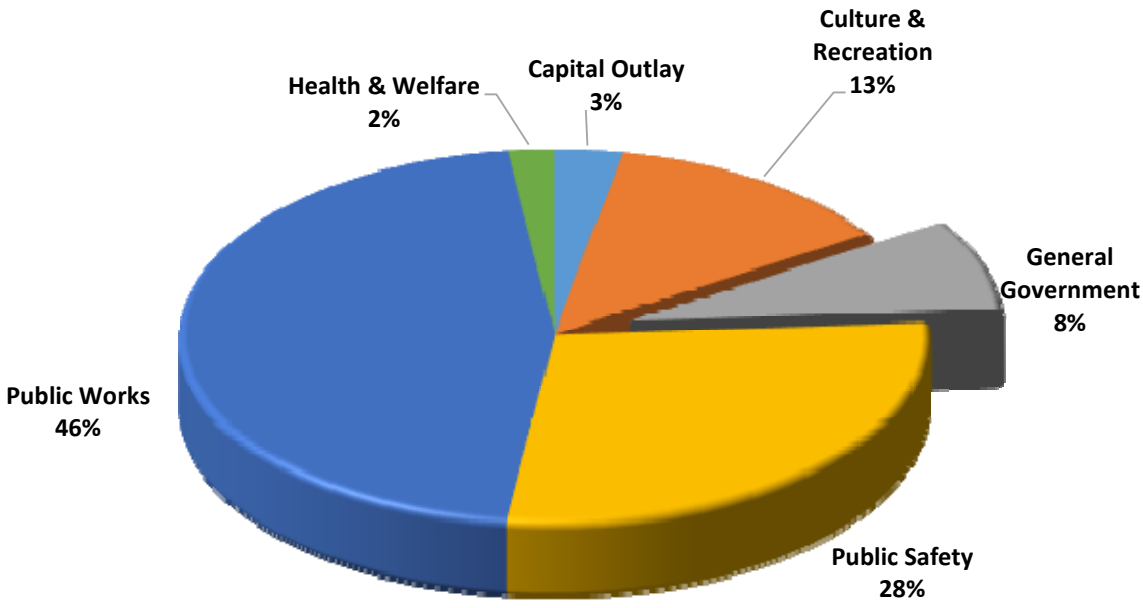
The town's overall net position increased by \$11,499,150 from the prior budget year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current year, the net position for governmental activities increased \$7,417,743 from 2014, for an ending balance of \$60,158,721. Property tax and miscellaneous revenue increased by \$1,363,698 from the prior year. However use tax, licenses and permits and interest revenue decreased by \$2,202,341 which resulted in total revenues declining by \$838,643 from 2014. Overall revenues exceeded budget projections by \$4,868,871 or approximately fifty-seven percent (57%). Governmental expenses increased by a total of \$131,068 from 2014. Additionally, Charts 1 and 2 below provide further illustration regarding the town's composition of governmental revenues and expenses for 2015.

2015 GOVERNMENTAL ACTIVITIES PERCENTAGE OF REVENUES BY TYPE

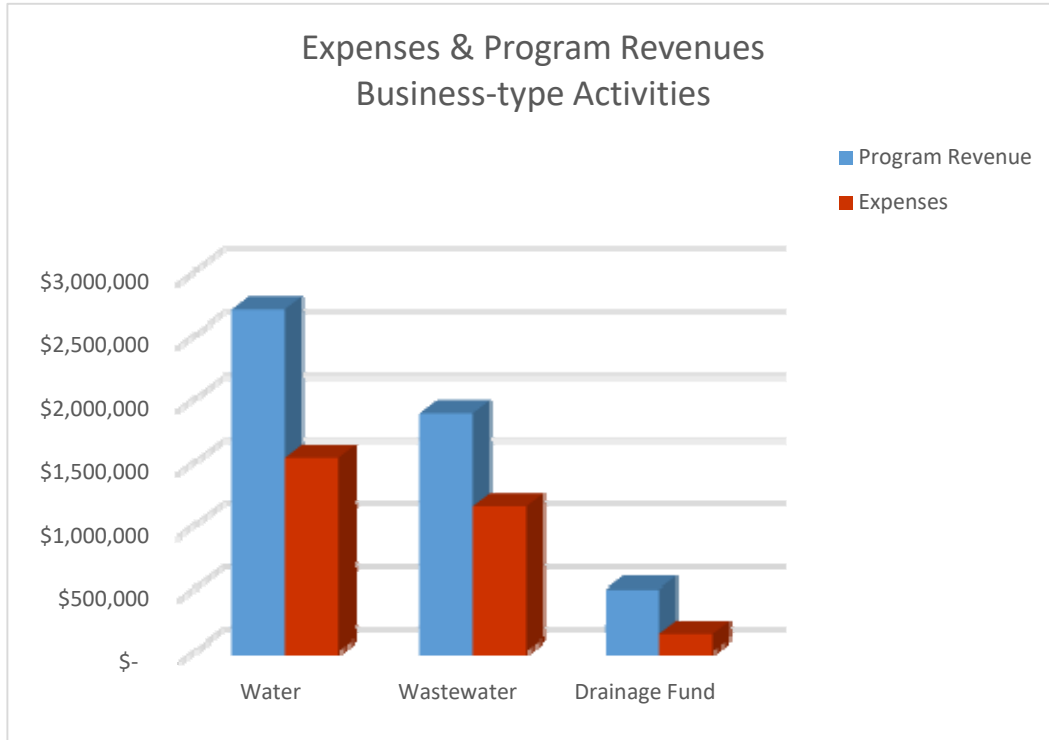


2015 GOVERNMENTAL ACTIVITIES PERCENTAGE OF EXPENSES BY TYPE



Business-type Activities. The town’s business-type activities results for the current year were positive in that the overall net position increased \$4,081,407 for an ending balance of \$42,072,131. The total increase in net position for business-type activities (water, wastewater and stormwater funds) totaled \$4,081,407.

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



D. FINANCIAL ANALYSIS OF TOWN FUNDS

General Fund –

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

General Fund Budgetary Highlights -

The town’s budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The town’s final budget for the general fund anticipated revenues would exceed expenditures by \$1,208,300. The actual results for the year show revenues exceeding expenditures by \$5,212,171. The excess revenue increases the fund balance and may be used in future years by the town.

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

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

The town must maintain a three percent (3%) emergency reserve as part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2015 the town's TABOR reserve totaled \$425,000.

E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The town's investment in capital assets for its governmental and business-type activities as of December 31, 2015, totaled \$13,078,181.

Major capital expenditures during 2015 included:

Police vehicles/equipment	\$ 197,342
Public works equipment	85,061
Computer software	24,373
Water distribution & plant improvements	773,431
Street improvements	1,330,648

F. THE FUTURE OF THE TOWN

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

G. CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 59,852,286	\$ 24,854,071	\$ 84,706,357
Restricted Cash and Investments	388,727	-	388,727
Receivables			
Property Taxes	3,525,729	-	3,525,729
Sales and Other	400,358	2,497	402,855
Accounts	-	433,717	433,717
Interfund Amounts	(21,133)	21,133	-
Net Pension Asset	107,336	-	107,336
Capital Assets, Not Depreciated	99,633	3,024,654	3,124,287
Capital Assets, Depreciated			
Net of Accumulated Depreciation	<u>11,152,632</u>	<u>14,009,765</u>	<u>25,162,397</u>
TOTAL ASSETS	<u>75,505,568</u>	<u>42,345,837</u>	<u>117,851,405</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	<u>47,226</u>	<u>-</u>	<u>47,226</u>
LIABILITIES			
Accounts Payable	141,198	123,446	264,644
Accrued Salaries and Benefits	64,645	24,828	89,473
Developer Escrow	255,677	-	255,677
Deposits	-	92,672	92,672
Noncurrent Liabilities			
Accrued Compensated Absences	<u>28,652</u>	<u>32,760</u>	<u>61,412</u>
TOTAL LIABILITIES	<u>490,172</u>	<u>273,706</u>	<u>763,878</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	2,211	-	2,211
Deferred Property Tax Revenue	<u>3,525,726</u>	<u>-</u>	<u>3,525,726</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,527,937</u>	<u>-</u>	<u>3,527,937</u>
NET POSITION			
Net Investment in Capital Assets	11,252,265	17,034,419	28,286,684
Restricted for Emergencies	425,000	-	425,000
Unrestricted	<u>59,857,420</u>	<u>25,037,712</u>	<u>84,895,132</u>
TOTAL NET POSITION	<u>\$ 71,534,685</u>	<u>\$ 42,072,131</u>	<u>\$ 113,606,816</u>

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

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>	
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 726,157	\$ 1,119,114	\$ -	\$ -
Public Safety	1,917,187	144,382	-	-
Public Works	3,163,846	1,909,397	-	518,236
Health and Welfare	99,220	81,100	375,745	57,971
Culture and Recreation	923,692	-	-	-
Total Governmental Activities	<u>6,830,102</u>	<u>3,253,993</u>	<u>375,745</u>	<u>576,207</u>
Business-Type Activities				
Water	1,537,506	2,701,191	-	1,656,761
Wastewater	1,155,384	1,885,985	-	-
Drainage	136,756	495,782	-	-
Total Business-Type Activities	<u>2,829,646</u>	<u>5,082,958</u>	<u>-</u>	<u>1,656,761</u>
Total Primary Government	<u>\$ 9,659,748</u>	<u>\$ 8,336,951</u>	<u>\$ 375,745</u>	<u>\$ 2,232,968</u>

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, As Restated

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	TOTAL
\$ 392,957	\$ -	\$ 392,957
(1,772,805)	-	(1,772,805)
(736,213)	-	(736,213)
415,596	-	415,596
(923,692)	-	(923,692)
<u>(2,624,157)</u>	<u>-</u>	<u>(2,624,157)</u>
-	2,820,446	2,820,446
-	730,601	730,601
-	359,026	359,026
<u>-</u>	<u>3,910,073</u>	<u>3,910,073</u>
(2,624,157)	3,910,073	1,285,916
4,789,085	-	4,789,085
3,912,183	-	3,912,183
395,387	-	395,387
509,142	-	509,142
179,783	74,508	254,291
141,083	-	141,083
(96,826)	96,826	-
<u>9,829,837</u>	<u>171,334</u>	<u>10,001,171</u>
7,205,680	4,081,407	11,287,087
(100,934)	-	(100,934)
<u>64,429,939</u>	<u>37,990,724</u>	<u>102,420,663</u>
<u>\$ 71,534,685</u>	<u>\$ 42,072,131</u>	<u>\$ 113,606,816</u>

TOWN OF JOHNSTOWN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds	TOTAL
ASSETS					
Cash and Investments	\$ 30,521,427	\$ 10,881,247	\$ 14,358,634	\$ 4,090,978	\$ 59,852,286
Restricted Cash and Investments	388,727	-	-	-	388,727
Taxes Receivable	3,525,729	-	-	-	3,525,729
Accounts Receivable	392,140	-	-	8,218	400,358
Due from Other Funds	-	-	3,789	3,743	7,532
TOTAL ASSETS	\$ 34,828,023	\$ 10,881,247	\$ 14,362,423	\$ 4,102,939	\$ 64,174,632
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 141,120	\$ -	\$ 78	\$ -	\$ 141,198
Accrued Liabilities	56,495	-	-	8,150	64,645
Developer Escrows and Deposits	255,677	-	-	-	255,677
Due to Other Funds	24,876	-	-	3,789	28,665
TOTAL LIABILITIES	478,168	-	78	11,939	490,185
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	3,525,726	-	-	-	3,525,726
FUND EQUITY					
Fund Balance					
Restricted for Emergencies	425,000	-	-	-	425,000
Restricted for Culture and Recreation	-	-	-	1,794,308	1,794,308
Restricted for Parks & Recreation	-	-	-	2,163,763	2,163,763
Restricted for Capital Improvements	-	10,881,247	14,362,345	27,898	25,271,490
Restricted for Cemetery Maintenance	-	-	-	105,031	105,031
Committed for Contingencies	1,232,070	-	-	-	1,232,070
Committed for Equipment Replacement	1,426,894	-	-	-	1,426,894
Unassigned	27,740,165	-	-	-	27,740,165
TOTAL FUND EQUITY	30,824,129	10,881,247	14,362,345	4,091,000	60,158,721
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 34,828,023	\$ 10,881,247	\$ 14,362,423	\$ 4,102,939	

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.	11,252,265
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 (\$28,652), Net Pension Asset \$107,336, Deferred Outflows Related to Pensions \$47,226, and Deferred Inflows Related to Pensions of (\$2,211).	123,699
Net position of governmental activities	\$ 71,534,685

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

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	General Fund	Impact Fee Fund	Use Tax Capital Improvement Fund	Other Governmental Funds	TOTAL
REVENUES					
Taxes and Fees	\$ 7,108,659	\$ -	\$ 2,306,918	\$ 190,220	\$ 9,605,797
Licenses and Permits	581,206	1,909,397	-	81,100	2,571,703
Intergovernmental	518,236	-	-	433,716	951,952
Charges for Services	537,908	-	-	-	537,908
Fines and Forfeitures	144,382	-	-	-	144,382
Interest Income	99,331	28,575	45,531	6,346	179,783
Miscellaneous	131,228	-	-	9,855	141,083
TOTAL REVENUES	9,120,950	1,937,972	2,352,449	721,237	14,132,608
EXPENDITURES					
General Government	589,263	-	-	-	589,263
Public Safety	1,729,677	115,474	-	-	1,845,151
Public Works	1,177,527	1,133,949	582,184	95,300	2,988,960
Health and Welfare	99,220	-	-	-	99,220
Culture and Recreation	293,725	-	-	563,173	856,898
Capital Outlay	110,367	-	128,180	-	238,547
TOTAL EXPENDITURES	3,999,779	1,249,423	710,364	658,473	6,618,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,121,171	688,549	1,642,085	62,764	7,514,569
OTHER FINANCING SOURCES (USES)					
Transfers In	43,350	-	42,284	373,099	458,733
Transfers Out	(555,299)	-	-	(260)	(555,559)
TOTAL OTHER FINANCING SOURCES (USES)	(511,949)	-	42,284	372,839	(96,826)
NET CHANGE IN FUND BALANCES	4,609,222	688,549	1,684,369	435,603	7,417,743
FUND BALANCES, Beginning, as restated	26,315,841	10,192,698	12,677,976	3,655,397	52,841,912
Prior Period Adjustment	(100,934)	-	-	-	(100,934)
FUND BALANCES, Ending	\$ 30,824,129	\$ 10,881,247	\$ 14,362,345	\$ 4,091,000	\$ 60,158,721

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

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, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 7,417,743
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 depreciation (\$452,487) exceeded capital outlay \$238,547.	(213,940)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes change in accrued compensated absences of (\$28,652).	(28,652)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>30,529</u>
Change in Net Position of Governmental Activities	<u>\$ 7,205,680</u>

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, 2015

ASSETS	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTAL
Current Assets				
Cash and Investments	\$ 14,187,659	\$ 8,406,370	\$ 2,260,042	\$ 24,854,071
Accounts Receivable, net	159,028	229,581	45,108	433,717
Inventory	2,497	-	-	2,497
Due from Other Funds	-	-	21,133	21,133
Total Current Assets	14,349,184	8,635,951	2,326,283	25,311,418
Noncurrent Assets				
Capital Assets, net of Accumulated Depreciation	11,598,674	5,435,745	-	17,034,419
TOTAL ASSETS	25,947,858	14,071,696	2,326,283	42,345,837
LIABILITIES				
Current Liabilities				
Accounts Payable	59,133	64,107	206	123,446
Accrued Expenses	9,586	12,301	2,941	24,828
Accrued Compensated Absences	15,087	17,673	-	32,760
Total Current Liabilities	83,806	94,081	3,147	181,034
Noncurrent Liabilities				
Deposits	92,672	-	-	92,672
Total Noncurrent Liabilities	92,672	-	-	92,672
TOTAL LIABILITIES	176,478	94,081	3,147	273,706
NET POSITION				
Net Investment in Capital Assets	11,598,674	5,435,745	-	17,034,419
Unrestricted	14,172,706	8,541,870	2,323,136	25,037,712
TOTAL NET POSITION	\$ 25,771,380	\$ 13,977,615	\$ 2,323,136	\$ 42,072,131

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

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2015

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 2,384,572	\$ 1,640,347	\$ 495,782	\$ 4,520,701
Miscellaneous	316,619	245,638	-	562,257
TOTAL OPERATING REVENUES	2,701,191	1,885,985	495,782	5,082,958
OPERATING EXPENSES				
Administration	168,463	195,159	81,635	445,257
Operations	1,065,675	822,885	55,121	1,943,681
Depreciation	303,368	137,340	-	440,708
TOTAL OPERATING EXPENSES	1,537,506	1,155,384	136,756	2,829,646
OPERATING INCOME	1,163,685	730,601	359,026	2,253,312
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	33,944	34,839	5,725	74,508
TOTAL NON-OPERATING REVENUES (EXPENSES)	33,944	34,839	5,725	74,508
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,197,629	765,440	364,751	2,327,820
Capital Contributions	1,438,661	218,100	-	1,656,761
Transfers In	182,200	-	-	182,200
Transfers Out	(85,374)	-	-	(85,374)
NET INCOME	2,733,116	983,540	364,751	4,081,407
NET POSITION, Beginning, as restated	23,038,264	12,994,075	1,958,385	37,990,724
NET POSITION, Ending	\$ 25,771,380	\$ 13,977,615	\$ 2,323,136	\$ 42,072,131

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

TOWN OF JOHNSTOWN, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2015

Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	WASTE WATER FUND	DRAINAGE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,560,032	\$ 1,870,890	\$ 492,673	\$ 4,923,595
Cash Paid to Suppliers	(1,296,919)	(940,625)	(133,609)	(2,371,153)
Net Cash Provided by Operating Activities	<u>1,263,113</u>	<u>930,265</u>	<u>359,064</u>	<u>2,552,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Property and Equipment	(716,580)	(122,134)	-	(838,714)
Capital Contributions	1,438,661	218,100	-	1,656,761
Deposits from Customers	92,672	-	-	92,672
Payments from Other Funds	186,302	-	-	186,302
Payments to Other Funds	(113,614)	(109,687)	(50,140)	(273,441)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>887,441</u>	<u>(13,721)</u>	<u>(50,140)</u>	<u>823,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	33,944	34,839	5,725	74,508
Net Cash Provided by Investing Activities	<u>33,944</u>	<u>34,839</u>	<u>5,725</u>	<u>74,508</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,184,498	951,383	314,649	3,450,530
CASH AND INVESTMENTS, Beginning	<u>12,003,161</u>	<u>7,454,987</u>	<u>1,945,393</u>	<u>21,403,541</u>
CASH AND INVESTMENTS, Ending	<u>\$ 14,187,659</u>	<u>\$ 8,406,370</u>	<u>\$ 2,260,042</u>	<u>\$ 24,854,071</u>
OPERATING ACTIVITIES				
Operating Income	\$ 1,163,685	\$ 730,601	\$ 359,026	\$ 2,253,312
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	303,368	137,340	-	440,708
Changes in Assets and Liabilities				
Accounts Receivable	(141,159)	(15,095)	(3,109)	(159,363)
Inventory	-	-	-	-
Accounts Payable	(72,367)	64,106	206	(8,055)
Accrued Expenses	(5,501)	(4,360)	2,941	(6,920)
Accrued Compensated Absences	15,087	17,673	-	32,760
Total Adjustments	<u>99,428</u>	<u>199,664</u>	<u>38</u>	<u>299,130</u>
Net Cash Provided by Operating Activities	<u>\$ 1,263,113</u>	<u>\$ 930,265</u>	<u>\$ 359,064</u>	<u>\$ 2,552,442</u>

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

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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, 2015

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, 2015

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 fair market 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, 2015

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, 2015

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, 2015, the Town does not report any balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Town has also classified the Impact Fee, Use Tax Capital Improvement, the Cemetery, the Paving Fee and the Johnson’s Corner Capital Funds as restricted because their revenues are restricted by the municipal code or taxpayer initiative; the Library Fund is classified as restricted as the revenues are restricted through taxpayer initiatives and other governments, and the Conservation Trust Fund is classified as restricted because its revenues are restricted by State Statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town reports unspent balances appropriated by the Town Council for contingencies and equipment replacement.
- 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, 2015

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.

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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- 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.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2015 follows:

Petty Cash	\$ 50
Cash Deposits	30,105,317
Investments	<u>54,989,717</u>
Total	<u>\$ 85,095,084</u>

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

Cash and Investments	\$ 84,706,357
Restricted Cash and Investments	<u>388,727</u>
Total	<u>\$ 85,095,084</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

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, 2015, 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, 2015, the Town had deposits with financial institutions with a carrying amount of \$30,105,317. The bank balances with the financial institutions were \$30,408,910. Of these balances, \$750,000 was covered by federal depository insurance and \$29,658,910 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

As of December 31, 2015 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	\$ 10,332,965	\$ 3,003,633	\$ 7,329,332
U.S. Government Agencies	13,691,374	1,499,955	12,191,419
Corporate Bonds	7,510,703	2,506,066	5,004,637
Commercial Paper	499,962	499,962	-
Money Market Funds	128,683	128,683	-
Mutual Funds	20,391	20,391	-
Local Government Investment Pools	<u>22,805,071</u>	<u>22,805,071</u>	<u>-</u>
Total	<u>\$ 54,989,149</u>	<u>\$ 30,463,761</u>	<u>\$ 24,525,388</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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, 2015, are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Services for its U.S. Government Agencies and Securities. The Town's Corporate Debt and Commercial Paper is rated at least AA- by Standard and Poor's and Aa3 by Moody's Investors Services. The Town's Mutual Funds are not rated.

The Town had invested \$11,264,864 in the Colorado Government Liquid Asset Trust (COLOTRUST) and \$11,540,207 in the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate 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. Colostrust and CSAFE are rated AAAM by Standard and Poor's.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 is summarized below:

	Balances 12/31/14 <u>(as restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balances 12/31/15
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 99,633	\$ -	\$ -	\$ 99,633
Capital Assets, depreciated				
Buildings	9,643,336	-	-	9,643,336
Improvements	2,938,016	-	-	2,938,016
Equipment	<u>2,703,589</u>	<u>238,547</u>	<u>-</u>	<u>2,942,136</u>
Total Capital Assets, depreciated	<u>15,284,941</u>	<u>238,547</u>	<u>-</u>	<u>15,523,488</u>
Less Accumulated Depreciation				
Buildings	1,432,676	190,266	-	1,622,942
Improvements	582,782	57,902	-	640,684
Equipment	<u>1,902,911</u>	<u>204,319</u>	<u>-</u>	<u>2,107,230</u>
Total Accumulated Depreciation	<u>3,918,369</u>	<u>452,487</u>	<u>-</u>	<u>4,370,856</u>
Total Capital Assets, depreciated, Net	<u>11,366,572</u>	<u>(213,940)</u>	<u>-</u>	<u>11,152,632</u>
Governmental Activities, Capital Assets, Net	<u>\$ 11,466,205</u>	<u>\$ (213,940)</u>	<u>\$ -</u>	<u>\$ 11,252,265</u>

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

Governmental Activities

General Government	\$ 108,242
Public Safety	102,565
Public Works	174,886
Culture and Recreation	<u>66,794</u>
Total	<u>\$ 452,487</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/14 <u>(as restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balances 12/31/15
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 72,405	\$ -	\$ -	\$ 72,405
Water Rights	<u>2,952,249</u>	<u>-</u>	<u>-</u>	<u>2,952,249</u>
Total Capital Assets, not depreciated	<u>3,024,654</u>	<u>-</u>	<u>-</u>	<u>3,024,654</u>
Capital Assets, depreciated				
Utility Systems	20,271,916	663,676	-	20,935,592
Equipment	<u>14,941</u>	<u>175,038</u>	<u>-</u>	<u>189,979</u>
Total Capital Assets, depreciated	<u>20,286,857</u>	<u>838,714</u>	<u>-</u>	<u>21,125,571</u>
Less: Accumulated Depreciation				
Utility Systems	6,660,157	433,127	-	7,093,284
Equipment	<u>14,941</u>	<u>7,581</u>	<u>-</u>	<u>22,522</u>
Total Accumulated Depreciation	<u>6,675,098</u>	<u>440,708</u>	<u>-</u>	<u>7,115,806</u>
Total Capital Assets, depreciated, Net	<u>13,611,759</u>	<u>398,006</u>	<u>-</u>	<u>14,009,765</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 16,636,413</u>	<u>\$ 398,006</u>	<u>\$ -</u>	<u>\$ 17,034,419</u>

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

Business-type Activities

Water Fund	\$ 303,368
Wastewater Fund	<u>137,340</u>
Total	<u>\$ 440,708</u>

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015.

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/15</u>	Due In <u>One Year</u>
Accrued Compensated Absences	\$ <u>96,525</u>	\$ <u>-</u>	\$ <u>67,873</u>	\$ <u>28,652</u>	\$ <u>-</u>

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, 2015.

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/15</u>	Due In <u>One Year</u>
Accrued Compensated Absences	\$ <u>32,760</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32,760</u>	\$ <u>-</u>

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

NOTE 6: INTERFUND AMOUNTS

As of December 31, 2015, the following amounts were reported as Due to/from other funds:

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

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 6: INTERFUND AMOUNTS (Continued)

At December 31, 2015, these amounts are owed between funds due to timing differences related to receipts and disbursements.

Interfund transfers for the year ended December 31, 2015, were comprised of the following:

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Water Fund	\$ 43,350
Library Fund	General Fund	373,099
Use Tax Capital Improvement Fund	Paving Fee Fund	260
Use Tax Capital Improvement Fund	Water Fund	42,024
Water Fund	General Fund	<u>182,200</u>
Total		<u>\$ 640,933</u>

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

NOTE 7: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Plan

Summary of Significant Accounting Policies

Pensions. The Town's full-time police officers participate in an FPPA Supplemental Social Security Program designed to provide supplementary coverage under 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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

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.

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.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

General Information about the Pension Plan (Continued)

Members of the SWDB Plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. 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 re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. 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.

At December 31, 2015 the Town reported an asset in the amount of \$107,336 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Town's proportion of the net pension asset was based on the Town's contributions to the SWDB Plan for the calendar year 2014 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2014, the Town's proportion was 0.09511%, which was a decrease of 0.00287% from its proportion measured as of December 31, 2013.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

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

For the year ended December 31, 2015 the Town recognized pension expense of \$5,649. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$ 2,211
Net difference between projected and actual earnings on pension plan investments	\$ 8,463	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 2,320	N/A
Contributions subsequent to the measurement date	\$ 36,443	N/A
Total	\$ 47,226	\$ 2,211

\$36,443 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2016	\$ 2,127
2017	\$ 2,127
2018	\$ 2,127
2019	\$ 2,126
Thereafter	\$ 64

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

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

Actuarial assumptions. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Salary increases, including wage inflation	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent

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

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 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, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
Global Equity	40.0%	8.9%
Equity Long/Short	10.0%	7.5%
Illiquid Alternatives	18.0%	10.5%
Fixed Income	15.0%	4.6%
Absolute Return	12.0%	6.5%
Managed Futures	4.0%	5.5%
Cash	1.0%	2.5%
Total	100.0%	

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).

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Plan (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is +97.50%; the municipal bond rate is 3.65% (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%.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 101,197	(\$107,336)	(\$281,280)

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

NOTE 9: OTHER RETIREMENT COMMITMENTS

Deferred Compensation Plan

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

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$425,000 was recorded in the General Fund.

NOTE 12: RESTATEMENT OF NET POSITION

The Beginning Net Position of the Government Type Activities was increased by \$121,822 as the Town implemented Governmental Accounting Standards Board Statement (GASB) No. 68. In Addition, the Beginning Net Position of the Government Type Activities was increased and the Beginning Net Position of the Business-type Activities was decreased by \$3,832,154. The balances were restated to report the Town's Library Fund, previously reported as a proprietary fund, as special revenue fund.

NOTE 13: PRIOR PERIOD ADJUSTMENT

The Beginning Fund Balance of the of the General Fund was increased by \$2,059,736 to combine the Town's Contingent Fund and Equipment Replacement Fund with the General Fund.

In addition, the Beginning Fund Balance of the General Fund and Beginning Net Position of the Government Type Activities was decreased by \$100,934 to properly report Developer Deposits collected for development as a deposit liability of the Town.

TOWN OF JOHNSTOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 14: SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JOHNSTOWN, COLORADO

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes and Fees	\$ 5,679,000	\$ 7,108,659	\$ 1,429,659
Licenses and Permits	293,000	581,206	288,206
Intergovernmental	466,000	518,236	52,236
Charges for Services	467,300	537,908	70,608
Fines and Forfeitures	77,000	144,382	67,382
Interest Income	48,700	99,331	50,631
Miscellaneous	31,500	131,228	99,728
TOTAL REVENUES	7,062,500	9,120,950	2,058,450
EXPENDITURES			
General Government	656,400	589,263	67,137
Public Safety	2,003,400	1,729,677	273,723
Public Works	1,219,200	1,177,527	41,673
Health and Welfare	130,400	99,220	31,180
Culture and Recreation	492,700	293,725	198,975
Capital Outlay	136,600	110,367	26,233
Contingencies	1,215,500	-	1,215,500
TOTAL EXPENDITURES	5,854,200	3,999,779	1,854,421
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,208,300	5,121,171	3,912,871
OTHER FINANCING SOURCES (USES)			
Transfers In	45,000	43,350	(1,650)
Transfers Out	(720,300)	(555,299)	165,001
TOTAL OTHER FINANCING SOURCES (USES)	(675,300)	(511,949)	163,351
NET CHANGE IN FUND BALANCE	533,000	4,609,222	4,076,222
FUND BALANCES, Beginning, as restated	23,720,700	26,315,841	2,595,141
Prior Period Adjustment	-	(100,934)	(100,934)
FUND BALANCE, Ending	\$ 24,253,700	\$ 30,824,129	\$ 6,570,429

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

IMPACT FEE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015			VARIANCE Positive (Negative)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Licenses and Permits	\$ 595,000	\$ 595,000	\$ 1,909,397	\$ 1,314,397
Interest Income	35,000	35,000	28,575	(6,425)
TOTAL REVENUES	<u>630,000</u>	<u>630,000</u>	<u>1,937,972</u>	<u>1,307,972</u>
EXPENDITURES				
Public Safety	122,200	122,200	115,474	6,726
Public Works	<u>1,228,000</u>	<u>1,428,000</u>	<u>1,133,949</u>	<u>294,051</u>
TOTAL EXPENDITURES	<u>1,350,200</u>	<u>1,550,200</u>	<u>1,249,423</u>	<u>300,777</u>
NET CHANGE IN FUND BALANCE	(720,200)	(920,200)	688,549	1,608,749
FUND BALANCE, Beginning	<u>9,578,100</u>	<u>9,578,100</u>	<u>10,192,698</u>	<u>614,598</u>
FUND BALANCE, Ending	<u>\$ 8,857,900</u>	<u>\$ 8,657,900</u>	<u>\$ 10,881,247</u>	<u>\$ 2,223,347</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

USE TAX CAPITAL IMPROVEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 850,000	\$ 2,306,918	\$ 1,456,918
Interest Income	-	45,531	45,531
TOTAL REVENUES	<u>850,000</u>	<u>2,352,449</u>	<u>1,502,449</u>
EXPENDITURES			
Public Works	597,320	582,184	15,136
Capital Outlay	128,180	128,180	-
TOTAL EXPENDITURES	<u>725,500</u>	<u>710,364</u>	<u>15,136</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,500</u>	<u>1,642,085</u>	<u>1,517,585</u>
OTHER FINANCING USES			
Transfers In	45,100	42,284	(2,816)
TOTAL OTHER FINANCING USES	<u>45,100</u>	<u>42,284</u>	<u>(2,816)</u>
NET CHANGE IN FUND BALANCES	169,600	1,684,369	1,514,769
FUND BALANCES, Beginning	<u>10,984,300</u>	<u>12,677,976</u>	<u>1,693,676</u>
FUND BALANCES, Ending	<u>\$ 11,153,900</u>	<u>\$ 14,362,345</u>	<u>\$ 3,208,445</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>
Town's proportionate share of the Net Pension Liability (Asset)	0.098%	0.095%
Town's proportionate share of the Net Pension Liability (Asset)	\$ (87,606)	\$ (107,336)
Town's covered-employee payroll	\$ 853,314	\$ 868,643
Town's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-10.3%	-12.4%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%

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

Notes:

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

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF JOHNSTOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2015

	SPECIAL REVENUE					TOTAL
	LIBRARY FUND	CEMETERY FUND	PAVING FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND	
ASSETS						
Cash and Investments	\$ 1,802,458	\$ 105,031	\$ 252	\$ 19,474	\$ 2,163,763	\$ 4,090,978
Accounts Receivable	-	-	-	8,218	-	8,218
Due from Other Funds	-	-	-	3,743	-	3,743
TOTAL ASSETS	\$ 1,802,458	\$ 105,031	\$ 252	\$ 31,435	\$ 2,163,763	\$ 4,102,939
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	8,150	-	-	-	-	8,150
Due to Other Funds	-	-	-	3,789	-	3,789
TOTAL LIABILITIES	8,150	-	-	3,789	-	11,939
FUND EQUITY						
Fund Balance						
Restricted for Culture and Recreation	1,794,308	-	-	-	-	1,794,308
Restricted for Parks & Recreation	-	-	-	-	2,163,763	2,163,763
Restricted for Capital Improvements	-	-	252	27,646	-	27,898
Restricted for Cemetery Maintenance	-	105,031	-	-	-	105,031
TOTAL FUND EQUITY	1,794,308	105,031	252	27,646	2,163,763	4,091,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,802,458	\$ 105,031	\$ 252	\$ 31,435	\$ 2,163,763	\$ 4,102,939

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2015

	SPECIAL REVENUE					TOTAL
	LIBRARY FUND	CEMETERY FUND	PAVING FEE FUND	JOHNSON'S CORNER CAPITAL FUND	CONSERVATION TRUST FUND	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 101,660	\$ 88,560	\$ 190,220
Licenses and Permits	-	-	-	-	81,100	81,100
Intergovernmental	375,745	-	-	-	57,971	433,716
Interest Income	2,003	113	-	33	4,197	6,346
Miscellaneous	4,869	3,273	-	-	1,713	9,855
TOTAL REVENUES	382,617	3,386	-	101,693	233,541	721,237
EXPENDITURES						
Public Works	-	-	-	95,300	-	95,300
Culture and Recreation	438,328	-	-	-	124,845	563,173
TOTAL EXPENDITURES	438,328	-	-	95,300	124,845	658,473
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,711)	3,386	-	6,393	108,696	62,764
OTHER FINANCING SOURCES (USES)						
Transfers In	373,099	-	-	-	-	373,099
Transfers Out	-	-	(260)	-	-	(260)
TOTAL OTHER FINANCING SOURCES (USES)	373,099	-	(260)	-	-	372,839
NET CHANGE IN FUND BALANCE	317,388	3,386	(260)	6,393	108,696	435,603
FUND BALANCE, Beginning	1,476,920	101,645	512	21,253	2,055,067	3,655,397
FUND BALANCE, Ending	<u>\$ 1,794,308</u>	<u>\$ 105,031</u>	<u>\$ 252</u>	<u>\$ 27,646</u>	<u>\$ 2,163,763</u>	<u>\$ 4,091,000</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

LIBRARY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Intergovernmental	\$ 379,724	\$ 375,745	\$ (3,979)
Interest Income	1,000	2,003	1,003
Miscellaneous	8,500	4,869	(3,631)
TOTAL REVENUES	389,224	382,617	(6,607)
EXPENDITURES			
Culture and Recreation	687,750	438,328	249,422
TOTAL EXPENDITURES	687,750	438,328	249,422
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(298,526)	(55,711)	242,815
OTHER FINANCING SOURCES (USES)			
Transfers In	-	373,099	373,099
Transfers Out	373,100	-	(373,100)
TOTAL OTHER FINANCING SOURCES	373,100	373,099	(1)
NET CHANGE IN FUND BALANCE	74,574	317,388	242,814
FUND BALANCE, Beginning	1,431,600	1,476,920	45,320
FUND BALANCE, Ending	\$ 1,506,174	\$ 1,794,308	\$ 288,134

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Sale of Lots	\$ 2,800	\$ 3,273	\$ 473
Interest Income	200	113	(87)
TOTAL REVENUES	<u>3,000</u>	<u>3,386</u>	<u>386</u>
EXPENDITURES			
Operations and Maintenance	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>3,386</u>	<u>386</u>
FUND BALANCES, Beginning	<u>102,400</u>	<u>101,645</u>	<u>(755)</u>
FUND BALANCES, Ending	<u>\$ 105,400</u>	<u>\$ 105,031</u>	<u>\$ (369)</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

PAVING FEE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes	\$ -	\$ -	\$ -
Interest Income	-	-	-
TOTAL REVENUES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers Out	300	260	40
TOTAL OTHER FINANCING SOURCES	300	260	40
NET CHANGE IN FUND BALANCE	(300)	(260)	40
FUND BALANCE, Beginning	300	512	212
FUND BALANCE, Ending	\$ -	\$ 252	\$ 252

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

JOHNSON'S CORNER CAPITAL IMPROVEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 90,000	\$ 101,660	\$ 11,660
Interest Income	10	33	23
TOTAL REVENUES	<u>90,010</u>	<u>101,693</u>	<u>11,683</u>
EXPENDITURES			
Public Works	<u>99,210</u>	<u>95,300</u>	<u>3,910</u>
TOTAL EXPENDITURES	<u>99,210</u>	<u>95,300</u>	<u>3,910</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,200)</u>	<u>6,393</u>	<u>15,593</u>
FUND BALANCES, Beginning	<u>9,200</u>	<u>21,253</u>	<u>12,053</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 27,646</u>	<u>\$ 27,646</u>

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Use Tax	\$ 62,500	\$ 88,560	\$ 26,060
Licenses and Permits	40,000	81,100	41,100
Intergovernmental	50,000	57,971	7,971
Interest Income	3,500	4,197	697
Miscellaneous	1,000	1,713	713
TOTAL REVENUES	157,000	233,541	76,541
EXPENDITURES			
Culture and Recreation	191,400	124,845	66,555
TOTAL EXPENDITURES	191,400	124,845	66,555
NET CHANGE IN FUND BALANCE	(34,400)	108,696	143,096
FUND BALANCE, Beginning	1,911,900	2,055,067	143,167
FUND BALANCE, Ending	\$ 1,877,500	\$ 2,163,763	\$ 286,263

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Charges for Services	\$ 1,700,000	\$ 2,384,572	\$ 684,572
Contributions	-	1,438,661	1,438,661
Interest Income	25,000	33,944	8,944
Miscellaneous	110,000	316,619	206,619
Transfers In	182,200	182,200	-
TOTAL REVENUES	<u>2,017,200</u>	<u>4,355,996</u>	<u>2,338,796</u>
EXPENDITURES			
Administration	208,700	168,463	40,237
Operations	1,006,400	1,065,675	(59,275)
Capital Outlay	1,414,300	716,580	697,720
Transfers Out	90,000	85,374	4,626
TOTAL EXPENDITURES	<u>2,719,400</u>	<u>2,036,092</u>	<u>683,308</u>
NET INCOME, Budget Basis	<u>\$ (702,200)</u>	2,319,904	<u>\$ 3,022,104</u>
GAAP BASIS ADJUSTMENTS			
Capital Outlay		716,580	
Depreciation Expense		(303,368)	
NET INCOME, GAAP Basis		2,733,116	
NET POSITION, Beginning		<u>23,038,264</u>	
NET POSITION, Ending		<u>\$ 25,771,380</u>	

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

WASTEWATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Charges for Services	\$ 1,500,000	\$ 1,640,347	\$ 140,347
Contributions	-	218,100	218,100
Interest Income	30,000	34,839	4,839
Miscellaneous	10,000	245,638	235,638
TOTAL REVENUES	<u>1,540,000</u>	<u>2,138,924</u>	<u>598,924</u>
EXPENDITURES			
Administration	270,400	195,159	75,241
Operations	938,100	822,885	115,215
Capital Outlay	221,600	122,134	99,466
TOTAL EXPENDITURES	<u>1,430,100</u>	<u>1,140,178</u>	<u>289,922</u>
NET INCOME, Budget Basis	<u>\$ 109,900</u>	998,746	<u>\$ 888,846</u>
GAAP BASIS ADJUSTMENTS			
Capital Outlay		122,134	
Depreciation Expense		<u>(137,340)</u>	
TOTAL GAAP BASIS ADJUSTMENTS		<u>(15,206)</u>	
NET INCOME, GAAP Basis		983,540	
NET POSITION, Beginning		<u>12,994,075</u>	
NET POSITION, Ending		<u>\$ 13,977,615</u>	

See the accompanying independent auditors' report.

TOWN OF JOHNSTOWN, COLORADO

DRAINAGE ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Drainage Fees	\$ 345,000	\$ 495,782	\$ 150,782
Interest Income	6,000	5,725	(275)
TOTAL REVENUES	<u>351,000</u>	<u>501,507</u>	<u>150,507</u>
EXPENDITURES			
Administration	87,400	81,635	5,765
Operations	153,500	55,121	98,379
Capital Outlay	6,300	-	6,300
TOTAL EXPENDITURES	<u>247,200</u>	<u>136,756</u>	<u>110,444</u>
NET INCOME, Budget Basis	<u>\$ 103,800</u>	364,751	<u>\$ 260,951</u>
GAAP BASIS ADJUSTMENTS			
Capital Outlay		-	
NET INCOME, GAAP Basis		364,751	
NET POSITION, Beginning		<u>1,958,385</u>	
NET POSITION, Ending		<u>\$ 2,323,136</u>	

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Johnstown
		YEAR ENDING : December 2015
This Information From The Records Of (example - City of _ or County of Town of Johnstown)	Prepared By: Diana Seele	Phone: 9705874664

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	215,000
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	400,000
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,000
2. General fund appropriations	363,824	b. Snow and ice removal	19,600
3. Other local imposts (from page 2)	283,600	c. Other	60,000
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	80,600
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	410,000
a. Bonds - Original Issues		6. Total (1 through 5)	1,105,600
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	647,424	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	458,176	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,105,600	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,105,600

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,105,600	1,105,600		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	283,600	g. Other Misc. Receipts	
6. Total (1. through 5.)	283,600	h. Other	
c. Total (a. + b.)	283,600	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	407,029	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	51,147	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	51,147	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	458,176	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		215,000	215,000
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	215,000	215,000
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	215,000	215,000
			(Carry forward to page 1)

Notes and Comments: