

# JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT

## 2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c), C.R.S., and the Service Plan for Johnstown Farms East Metropolitan District (the “**District**”), the District are required to provide an annual report to the with regard to the following matters:

For the year ending December 31, 2022, the District make the following report:

### **§32-1-207(3), C.R.S. Statutory Requirements**

**1. Boundary changes made.**

There were no changes or proposed changes to the boundaries of the District in 2022.

**2. Intergovernmental Agreements entered into or terminated.**

The District did not enter into any intergovernmental agreements during the reporting year.

**3. Access information to obtain a copy of rules and regulations adopted by the board.**

The District’s rules of regulations can be found on the District’s website at <https://johnstownfarmseastmetro.com/>

**4. A summary of litigation involving public improvements owned by the District.**

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2022.

**5. Status of the construction of public improvements by the District.**

All public improvements within the have been constructed or will be constructed by the developer and/or builders within the District. To the District’s knowledge, all public improvements except for landscape improvements have been completed to date.

**6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.**

All principal public infrastructure has been completed by the developer and/or builders within the District, and dedicated to and accepted by the Town.

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**

The District’s Assessed Valuation for 2022 was \$813,220.

**8. A copy of the current year’s budget.**

A copy of the 2023 Budget is attached hereto as **Exhibit A**.

**9. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2022 Audit is attached hereto as **Exhibit B**.

**10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

The District is not aware of any uncured events of default by the District.

**11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

The District is not aware of any inability to pay its obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

**Service Plan Requirements**

Pursuant to section VII of the Service Plan for Johnstown Farms East Metropolitan District (the “District”), the District shall be responsible for submitting an annual report to the Town no later than August 1<sup>st</sup> of each year following the year in which the Order and Decree creating the District has been issued (the “report year”). The District makes the following report for the year ending December 31, 2022:

**1. Narrative of the District’s progress in implementing the Service Plan and a summary of the development in the Project.**

The developer within the District undertook the construction of public improvements, and in 2021, the District issued its General Obligation Limited Tax Bonds, Series 2021 in the principal amount of \$7,062,000. The District used proceeds from its 2021 bonds to reimburse the developer for the costs of public improvements in the District. To the District’s knowledge, all public improvements except for some landscaping improvements have been constructed.

**2. Boundary changes made or proposed.**

There were no boundary changes made or proposed to the District’s boundaries during the Report Year.

**3. Intergovernmental agreements executed.**

The District did not enter into any intergovernmental agreements during the Report Year.

**4. A summary of any litigation involving the District.**

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District as of December 31, 2022.

**5. Proposed plans for the year immediately following the report year.**

The District anticipates meeting its debt service obligations in 2023 through the imposition of a debt service mill levy and undertaking administrative and operations functions through the imposition of an operating mill levy, and the imposition of an operations fee. The District engaged a district manager to coordinate property management needs and covenant enforcement in the District.

**6. Construction contracts executed, and the name of the contractors as well as the principal of each contractor.**

The District did not execute any construction contracts in 2022.

**7. Status of the District's Public Improvement construction schedule and the Public Improvement schedule for the following five years.**

The District anticipates that the developer and/or builders within the District will complete construct all public improvements within the District. All public improvements are expected to be constructed within the next five years.

**8. Notice of any uncured defaults of the Service Plan or any Debt.**

To the District's knowledge, there are no uncured events of default of the Service Plan of any Debt.

**9. A list of all Public Improvements constructed by the District that have been dedicated to and accepted by the Town.**

The District did not construct improvements in 2022. All public improvements within the District are to be constructed by the developer and/or builders within the District.

**10. If requested by the Town, copies of minutes of all meetings of the District's board of directors.**

As of the date of this report, the Town has not requested copies of minutes from meetings of the District's board of directors. The District's meeting minutes can be found on the District's website at <https://johnstownfarmseastmetro.com/>

**11. The name, business address, and telephone number of each member of the Board and its chief administrative officer and general counsel and the date, place, and time of the regular meetings of the Board.**

**Board of Directors:**

Craig Campbell  
c/o White Bear Ankele Tanka & Waldron, PC  
2154 E. Commons Avenue, Suite 2000  
Centennial, CO 80122  
Phone: 303-858-1800

Jack Hoagland  
c/o White Bear Ankele Tanka & Waldron, PC  
2154 E. Commons Avenue, Suite 2000  
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Cindy Myers  
c/o White Bear Ankele Tanka & Waldron, PC  
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Phone: 303-858-1800

Debra Hessler  
c/o White Bear Ankele Tanka & Waldron, PC  
2154 E. Commons Avenue, Suite 2000  
Centennial, CO 80122  
Phone: 303-858-1800

**District Manager**

Advance HOA  
Attn: Melissa Kupferer  
PO Box 370390  
Denver, CO 80237  
[Melissa.kupferer@advancehoa.com](mailto:Melissa.kupferer@advancehoa.com)  
(303) 482-2213 x283

**General Counsel and Contact for the District:**

Zachary P. White, Esq.  
White Bear Ankele Tanka & Waldron, PC  
2154 E. Commons Avenue, Suite 2000  
Centennial, CO 80122  
zwhite@wbapc.com  
Phone: 303-858-1800

**2023 Meeting Dates:**

Regular meetings are scheduled for June 15 and October 15, 2023, at 10:30 a.m. at 400 South Parish Avenue, Johnstown, Colorado, and by telephone, electronic, or other means not including physical presence.

**12. Certification from the Board that the District is in compliance with all provisions of the Service Plan.**

Please see the attached Certification of Compliance as **Exhibit C**.

**13. Copies of any Agreements with the Developer entered into in the report year.**

During the Report Year, the District and T.F. Johnstown Farms, L.P. entered into a First Amendment to Funding and Reimbursement Agreement attached hereto as **Exhibit D**.

**14. Copies of any Cost Verification Reports provided to the District in the report year.**

The District did not have any costs accepted in 2022.

### **Summary of Financial Information**

**1. Assessed value of Taxable Property within the District's boundaries.**

The District's Assessed Valuation for 2022 was \$813,220.

**2. Total acreage of property within the District's boundaries.**

The area of the Initial District Boundaries includes approximately 90.563 acres.

**3. Most recently filed audited financial statements of the District, to the extent audited financial statements are required by state law, or most recently filed audit exemption.**

The District's 2022 Audit is in process and will be provided to the Town upon completion.

**4. Annual budget of the District.**

A copy of the District's 2023 Budget is attached hereto as **Exhibit A**.

**5. Resolutions regarding issuance of Debt or other financial obligations, including relevant financing documents, credit agreements, and official statements.**

The District did not issue any Debt during the reporting year.

**6. Outstanding Debt (stated separately for each class of Debt).**

General Obligation Limited Tax Bonds, Series 2021, in the principal amount of \$7,062,000.

**7. Outstanding Debt service (stated separately for each class of Debt).**

As of the close of the Report Year, there was \$7,062,000 outstanding on the Series 2021 Bonds.

**8. The District's tax revenue.**

The District collected \$9,493 in tax revenue during the Report Year. On December 15, 2022, the District imposed a total mill levy of 50.000 mills and anticipated the collection in 2023 of \$40,661 in property tax revenues.

**9. Other revenues of the District.**

The District collected \$4,780 in operations fees and late fees, \$562 in specific ownership taxes, \$46 in investment income, and received advances from the developer in the Report Year to help meet its financial obligations.

**10. The District's Public Improvements expenditures.**

The District did not have any public improvement expenditures in 2022.

**a. The District's other expenditures.**

The District incurred debt service costs in 2022 associated with the 2021 Bonds.

**11. The District's inability to pay any financial obligations as they come due.**

The District was able to pay its financial obligations in the Report Year.

**12. The amount and terms of any new Debt issued.**

The District did not issue any new Debt during the Report Year

**13. Any Developer Debt.**

During the Report Year, the District did not issue any debt to the developer.

**EXHIBIT A**  
**2023 Budget**

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2023**



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ (12,057)	\$ 615
REVENUE			
Property taxes	13,432	9,492	40,661
Specific ownership tax	675	538	2,440
Interest income	182	1	-
Bond issuance - Series 2021	7,062,000	-	-
Developer advance	7,315,364	61,054	42,000
Operations Fees	-	-	144,600
Other revenue	-	-	1,690
Total revenue	<u>14,391,653</u>	<u>71,085</u>	<u>231,391</u>
TRANSFERS IN	-	1,930	-
Total funds available	<u>14,391,653</u>	<u>60,958</u>	<u>232,006</u>
EXPENDITURES			
General Fund	31,590	48,372	50,500
Special Revenue Fund	-	-	80,000
Debt Service Fund	11,199	10,041	36,000
Capital Projects Fund	14,360,921	-	-
Total expenditures	<u>14,403,710</u>	<u>58,413</u>	<u>166,500</u>
TRANSFERS OUT	-	1,930	-
Total expenditures and transfers out requiring appropriation	<u>14,403,710</u>	<u>60,343</u>	<u>166,500</u>
ENDING FUND BALANCES	<u>\$ (12,057)</u>	<u>\$ 615</u>	<u>\$ 65,506</u>
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 300
SPECIAL REVENUE RESERVE	-	-	4,400
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 4,700</u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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**ASSESSED VALUATION**

Agricultural	\$ 2,860	\$ 2,570	\$ -
State assessed	-	54,970	82,220
Vacant land	-	1,810	419,710
Oil and Gas	265,780	130,490	311,290
	268,640	189,840	813,220
Adjustments	-	-	-
Certified Assessed Value	\$ 268,640	\$ 189,840	\$ 813,220

**MILL LEVY**

General	10.000	10.000	10.000
Debt Service	40.000	40.000	40.000
Total mill levy	50.000	50.000	50.000

**PROPERTY TAXES**

General	\$ 2,686	\$ 1,898	\$ 8,132
Debt Service	10,746	7,594	32,529
Budgeted property taxes	\$ 13,432	\$ 9,492	\$ 40,661
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ -	\$ -	\$ -

**BUDGETED PROPERTY TAXES**

General	\$ 2,686	\$ 1,898	\$ 8,132
Debt Service	10,746	7,594	32,529
	\$ 13,432	\$ 9,492	\$ 40,661

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ (3,019)	\$ 615
REVENUE			
Property taxes	2,686	1,898	8,132
Specific ownership tax	135	108	488
Developer advance	25,750	50,000	42,000
Total revenue	<u>28,571</u>	<u>52,006</u>	<u>50,620</u>
Total funds available	<u>28,571</u>	<u>48,987</u>	<u>51,235</u>
EXPENDITURES			
General and administrative			
Accounting	10,455	20,000	20,000
Auditing	-	5,500	5,500
Contingency	-	-	178
County Treasurer's fee	40	28	122
Election expense	-	-	1,500
Dues and licenses	403	314	500
Insurance and bonds	384	2,530	2,700
Legal services	20,308	20,000	20,000
Total expenditures	<u>31,590</u>	<u>48,372</u>	<u>50,500</u>
Total expenditures and transfers out requiring appropriation	<u>31,590</u>	<u>48,372</u>	<u>50,500</u>
ENDING FUND BALANCE	<u>\$ (3,019)</u>	<u>\$ 615</u>	<u>\$ 735</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 300</u>
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 300</u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
2023 BUDGET  
WITH 2020 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Operations Fees	-	-	144,600
Total revenue	<u>-</u>	<u>-</u>	<u>144,600</u>
Total funds available	<u>-</u>	<u>-</u>	<u>144,600</u>
EXPENDITURES			
General and administrative			
District management	-	-	15,000
Operations and maintenance			
Landscaping	-	-	30,000
Utilities	-	-	5,000
Snow Removal	-	-	25,000
Miscellaneous	-	-	5,000
Total expenditures	<u>-</u>	<u>-</u>	<u>80,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>80,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,600</u>
SPECIAL REVENUE RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,400</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,400</u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 87	\$ -
REVENUE			
Property taxes	10,746	7,594	32,529
Specific ownership tax	540	430	1,952
Other revenue	-	-	1,690
Total revenue	<u>11,286</u>	<u>8,024</u>	<u>36,171</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>1,930</u>	<u>-</u>
Total funds available	<u>11,286</u>	<u>10,041</u>	<u>36,171</u>
EXPENDITURES			
Debt Service			
Contingency	-	-	1,692
County Treasurer's fee	161	114	488
Bond interest	11,038	9,927	33,820
Total expenditures	<u>11,199</u>	<u>10,041</u>	<u>36,000</u>
Total expenditures and transfers out requiring appropriation	<u>11,199</u>	<u>10,041</u>	<u>36,000</u>
ENDING FUND BALANCE	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ 171</u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ (9,125)	\$ -
REVENUE			
Interest income	182	1	-
Developer advance	7,289,614	11,054	-
Bond issuance - Series 2021	7,062,000	-	-
Total revenue	<u>14,351,796</u>	<u>11,055</u>	<u>-</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>14,351,796</u>	<u>1,930</u>	<u>-</u>
EXPENDITURES			
General and Administrative			
Accounting	2,258	-	-
Capital Projects			
Repay developer advance	6,685,065	-	-
Engineering	8,797	-	-
Bond issue costs	375,187	-	-
Capital outlay	7,289,614	-	-
Total expenditures	<u>14,360,921</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>1,930</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>14,360,921</u>	<u>1,930</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ (9,125)</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Johnstown Farms East Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order of the District Court in Weld County on November 30, 2020, and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District's service area is located in Weld County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$12,500,000. In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1- 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Developer Advances**

The District's general and administrative costs in 2023 will be partially funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bonds proceeds (if applicable) and other legally available revenue.

**Property Taxes**

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

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

The calculation of the taxes levied is displayed on the property tax summary information page of the budget.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected.

**Operations fees**

The District imposes an Operations Fee on all residential units within the boundaries of the District to fund operating costs. The Operations Fee is a recurring payment of \$50 per unit per month.

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

**Debt Service**

There is no debt amortization schedule provided for the Series 2021 Bonds (Described under Debt and Leases) as the Bonds are cash flow bonds and the timing of the payments are unknown.

**Debt and Leases**

**General Obligation Limited Tax Bonds, Series 2021 (the Bonds)**

Bond Proceeds

The District issued the Bonds on October 13, 2021, in the par amount of \$7,062,000. Proceeds from the sale of the Bonds were used to finance or reimburse the costs of public improvements related to a residential development that is planned to be located within the boundaries of the District and to pay costs of issuance of the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.000% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

Details of the Bonds (Continued)

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 2, 2060, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows: The District has no debt, nor any capital and operating leases.

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the Capital Fees, if any; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 40.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement after September 21, 2020) or such lesser amount which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District for services, programs, or facilities furnished by the District, whether now in effect or imposed in the future.

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending. The District has provided for this reserve.

**This information is an integral part of the accompanying budget.**

**EXHIBIT B**  
**2022 Audit**

**JOHNSTOWN FARMS EAST  
METROPOLITAN DISTRICT  
Weld County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
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*INDEPENDENT AUDITOR'S REPORT*

Board of Directors  
Johnstown Farm East Metropolitan District  
Weld County, Colorado

*Opinion*

We have audited the accompanying financial statements of the governmental activities and each major fund of Johnstown Farm East Metropolitan District, Weld County, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Johnstown Farm East Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Johnstown Farm East Metropolitan District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Johnstown Farm East Metropolitan District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

Johnstown Farm East Metropolitan District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Johnstown Farm East Metropolitan District's ability to continue as a going concern for twelve months beyond

the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

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

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

### *Required Supplementary Information*

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. Our opinion on the basis financial statements is not affected by the missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Johnstown Farm East Metropolitan District's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual are fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

The Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC  
June 14, 2023  
Centennial, Colorado

## **BASIC FINANCIAL STATEMENTS**



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 5,750
Cash and Investments - Restricted	16,319
Receivable - County Treasurer	40
Receivable - Other	315
Property Taxes Receivable	40,661
Capital Assets, Not Being Depreciated	7,289,614
Total Assets	7,352,699
<b>LIABILITIES</b>	
Accounts Payable	9,201
Resale Transfer Fee Liability	275
Prepaid Assessments	11,386
Accrued Interest Payable	416,106
Noncurrent Liabilities:	
Due in More Than One Year	7,788,737
Total Liabilities	8,225,705
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenues	40,661
Total Deferred Inflows of Resources	40,661
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	100
Unrestricted	(913,767)
Total Net Position	\$ (913,667)

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 46,281	\$ 4,780	\$ -	\$ -	\$ (41,501)
Interest and Related Costs on Long-Term Debt	399,808	-	-	-	(399,808)
Total Governmental Activities	\$ 446,089	\$ 4,780	\$ -	\$ -	(441,309)
<b>GENERAL REVENUES</b>					
Property Taxes					9,493
Specific Ownership Taxes					562
Net Investment Income					46
Total General Revenues					10,101
<b>CHANGE IN NET POSITION</b>					(431,208)
Net Position - Beginning of Year					(482,459)
<b>NET POSITION - END OF YEAR</b>					\$ (913,667)

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	Debt Service	Special Revenue	Capital Projects	Total Governmental Fund
<b>ASSETS</b>					
Cash and Investments	\$ 5,750	\$ -	\$ -	\$ -	\$ 5,750
Cash and Investments - Restricted	100	92	16,127	-	16,319
Receivable - County Treasurer	8	32	-	-	40
Receivable - Other	-	-	315	-	315
Property Taxes Receivable	8,132	32,529	-	-	40,661
Total Assets	<u>\$ 13,990</u>	<u>\$ 32,653</u>	<u>\$ 16,442</u>	<u>\$ -</u>	<u>\$ 63,085</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 9,201	\$ -	\$ -	\$ -	\$ 9,201
Resale Transfer Fee Liability	-	-	275	-	275
Prepaid Assessments	-	-	11,386	-	11,386
Total Liabilities	<u>9,201</u>	<u>-</u>	<u>11,661</u>	<u>-</u>	<u>20,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes	8,132	32,529	-	-	40,661
Total Deferred Inflows of Resources	<u>8,132</u>	<u>32,529</u>	<u>-</u>	<u>-</u>	<u>40,661</u>
<b>FUND BALANCES</b>					
Restricted for:					
Emergency Reserves	100	-	-	-	100
Debt Service	-	124	-	-	124
Committed for:					
Operations	-	-	4,781	-	4,781
Unassigned	(3,443)	-	-	-	(3,443)
Total Fund Balances	<u>(3,343)</u>	<u>124</u>	<u>4,781</u>	<u>-</u>	<u>1,562</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,990</u>	<u>\$ 32,653</u>	<u>\$ 16,442</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Capital Assets, Not Being Depreciated					7,289,614
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					
Bonds Payable					(7,062,000)
Accrued Interest on Bonds Payable					(416,106)
Developer Advance Payable					(685,299)
Accrued Interest on Developer Advance					(41,438)
Net Position of Governmental Activities					<u>\$ (913,667)</u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Special Revenue	Capital Projects	Total Governmental Fund
<b>REVENUES</b>					
Property Taxes	\$ 1,898	\$ 7,595	\$ -	\$ -	\$ 9,493
Specific Ownership Taxes	112	450	-	-	562
Operation Fees	-	-	4,614	-	4,614
Late Fees	-	-	166	-	166
Net Investment Income	1	44	1	-	46
Total Revenues	<u>2,011</u>	<u>8,089</u>	<u>4,781</u>	<u>-</u>	<u>14,881</u>
<b>EXPENDITURES</b>					
General:					
Accounting	18,188	-	-	-	18,188
Audit	5,500	-	-	-	5,500
County Treasurer's Fees	28	114	-	-	142
District management	2,735	-	-	-	2,735
Dues and Licenses	314	-	-	-	314
Engineering	1,871	-	-	-	1,871
Insurance	2,530	-	-	-	2,530
Legal Services	15,115	-	-	-	15,115
Debt Service:					
Paying Agent Fees	-	4,000	-	-	4,000
Bond Interest	-	5,867	-	-	5,867
Total Expenditures	<u>46,281</u>	<u>9,981</u>	<u>-</u>	<u>-</u>	<u>56,262</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(44,270)	(1,892)	4,781	-	(41,381)
<b>OTHER FINANCING SOURCES (USES)</b>					
Developer Advance	43,946	-	-	11,054	55,000
Transfer In/Out	-	1,929	-	(1,929)	-
Total Other Financing Sources (Uses)	<u>43,946</u>	<u>1,929</u>	<u>-</u>	<u>9,125</u>	<u>55,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(324)	37	4,781	9,125	13,619
Fund Balances - Beginning of Year	(3,019)	87	-	(9,125)	(12,057)
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (3,343)</u>	<u>\$ 124</u>	<u>\$ 4,781</u>	<u>\$ -</u>	<u>\$ 1,562</u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 13,619

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

The issuance of long-term debt (e.g., Bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advances (55,000)

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

Accrued Interest on Developer Advance - Change in Liability (39,338)  
Accrued Interest on Bonds - Change in Liability (350,489)

Change in Net Position of Governmental Activities \$ (431,208)

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,898	\$ 1,898	\$ -
Specific Ownership Taxes	95	112	17
Net Investment Income	-	1	1
Total Revenues	<u>1,993</u>	<u>2,011</u>	<u>18</u>
<b>EXPENDITURES</b>			
Accounting	25,000	18,188	6,812
Auditing	5,500	5,500	-
Contingency	1,222	-	1,222
County Treasurer's Fees	28	28	-
District management	-	2,735	(2,735)
Dues and Licenses	500	314	186
Election Expense	-	1,871	(1,871)
Insurance	2,750	2,530	220
Legal Services	30,000	15,115	14,885
Total Expenditures	<u>65,000</u>	<u>46,281</u>	<u>18,719</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(63,007)	(44,270)	18,737
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	65,000	43,946	(21,054)
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>43,946</u>	<u>(21,054)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,993	(324)	(2,317)
Fund Balance - Beginning of Year	<u>942</u>	<u>(3,019)</u>	<u>(3,961)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,935</u>	<u>\$ (3,343)</u>	<u>\$ (6,278)</u>

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Operation Fees	\$ -	\$ 4,614	\$ 4,614
Late Fees	-	166	166
Net Investment Income	-	1	1
Total Revenues	-	4,781	4,781
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	4,781	4,781
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 4,781	\$ 4,781

See accompanying Notes to Basic Financial Statements.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Johnstown Farms East Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Weld County, Colorado on November 30, 2020, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

At a special election of the eligible electors of the District held on November 3, 2020, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for *operations fees* received and expenditures incurred in connection with operations and maintenance of the District.

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

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

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District amended its annual budget for the year ended December 31, 2022.

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**Capital Assets**

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

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

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

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

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

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

**Deficits**

The General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2023.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 5,750
Cash and Investments - Restricted	16,319
Total Cash and Investments	\$ 22,069

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 21,977
Investments	92
Total Cash and Investments	\$ 22,069

**Cash Deposits**

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

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Cash Deposits (Continued)**

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

At December 31, 2022, the District's cash deposits had a bank balance and carrying balance of \$21,977.

**Investments**

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities of the World Bank
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2022, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 92

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in property for the period ended December 31, 2022, follows:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022
Governmental Type Activities:				
Capital Assets, Not Being				
Depreciated:				
Construction in Progress	\$ 7,289,614	\$ -	\$ -	\$ 7,289,614
Total Capital Assets, Not Being Depreciated	\$ 7,289,614	\$ -	\$ -	\$ 7,289,614

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
Limited Tax General					
Obligation Bonds:					
Series 2021	\$ 7,062,000	\$ -	\$ -	\$ 7,062,000	\$ -
Total Bonds Payable	7,062,000	-	-	7,062,000	-
Other Debts:					
Developer Advances:					
Operational	25,750	43,946	-	69,696	-
Capital	604,549	11,054	-	615,603	-
Accrued Interest on					
Developer Advances:					
Operational	411	2,637	-	3,048	-
Capital	1,689	36,701	-	38,390	-
Total Other Debts	632,399	94,338	-	726,737	-
<b>Total</b>	<b>\$ 7,694,399</b>	<b>\$ 94,338</b>	<b>\$ -</b>	<b>\$ 7,788,737</b>	<b>\$ -</b>

The details of the District's general obligation bonds outstanding during 2022 are as follows:

**General Obligation Limited Tax Bonds, Series 2021 (the Bonds)**

**Bond Proceeds**

The District issued the Bonds on October 13, 2021, in the par amount of \$7,062,000. Proceeds from the sale of the Bonds were used to finance or reimburse the costs of public improvements related to a residential development that is planned to be located within the boundaries of the District and to pay costs of issuance of the Bonds.

**Details of the Bonds**

The Bonds bear interest at the rate of 5.000% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051, and are subject to mandatory redemption to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 2, 2060. To the extent interest on the Bonds is not paid when due, such unpaid interest shall compound on each interest payment date, at the rate then borne by the Bonds. The Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2060. The Bonds are not subject to early termination. The Bonds are not subject to acceleration. The Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Limited Tax Bonds, Series 2021 (the Bonds) (Continued)**

Events of Default of the Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the Capital Fees, if any; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 40.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement after September 21, 2020) or such lesser amount which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District for services, programs, or facilities furnished by the District, whether now in effect or imposed in the future.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026 to November 30, 2027	3.00 %
December 1, 2027 to November 30, 2028	2.00
December 1, 2028 to November 30, 2029	1.00
December 1, 2029, and thereafter	-



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 3, 2020 Election	Authorization Used Series 2021	Remaining at December 31, 2022
Streets	\$ 15,000,000	\$ 3,018,622	\$ 11,981,378
Parks and Recreation	15,000,000	-	15,000,000
Water	15,000,000	1,690,775	13,309,225
Sanitation	15,000,000	2,352,603	12,647,397
Transportation	15,000,000	-	15,000,000
Mosquito Control	15,000,000	-	15,000,000
Safety Projection	15,000,000	-	15,000,000
Fire Protection	15,000,000	-	15,000,000
Television Relay	15,000,000	-	15,000,000
Security	15,000,000	-	15,000,000
Public Transportation	15,000,000	-	15,000,000
Directional Drilling	15,000,000	-	15,000,000
Refunding	165,000,000	-	165,000,000
Total	<u>\$ 345,000,000</u>	<u>\$ 7,062,000</u>	<u>\$ 337,938,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$12,500,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

**NOTE 6 NET POSITION**

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

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 100
Total Restricted Net Position	<u>\$ 100</u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 NET POSITION (CONTINUED)**

The District has a deficit in unrestricted net position. This deficit is primarily due to costs of bonds issuance, interest paid on bonds to date, and operating expenses paid by advances from Developer.

**NOTE 7 RELATED PARTIES**

The property within the District is being developed by TF Johnstown Farms, L.P. (Developer). During 2022, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

**Infrastructure Acquisition Agreement**

The District and the Developer entered into a Public Improvement Acquisition and Reimbursement Agreement on September 20, 2021. Pursuant to the Agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the Property, subject to the limitations set forth in the Service Plan and the Special District Act.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 20 years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of 6% per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District. No payment is due until the District has adopted an Acceptance Resolution.

As of December 31, 2022, outstanding advances under this Agreement totaled \$615,603 and accrued interest totaled \$33,390.

**Funding and Reimbursement Agreement (Operations and Maintenance)**

The District and the Developer entered into a Funding and Reimbursement Agreement on December 11, 2020, for the purpose of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money, not to exceed an aggregate of \$165,000 through December 31, 2022. Thereafter, the Developer may agree to renew its obligations by providing written notice thereof to the District, in which case the termination date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year.

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RELATED PARTIES (CONTINUED)**

**Funding and Reimbursement Agreement (Operations and Maintenance) (Continued)**

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 30 years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 6.5% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2022, outstanding advances under this Agreement totaled \$69,696 and accrued interest totaled \$3,048.

**NOTE 8 RISK MANAGEMENT**

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

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

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

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATION**

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

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

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)**

On November 3, 2020, the District's voters approved for an annual increase in taxes of \$10,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

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

## **SUPPLEMENTARY INFORMATION**

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 7,594	\$ 7,595	\$ 7,595	\$ -
Specific Ownership Taxes	380	450	450	-
Other Revenue	1,026	1,019	-	(1,019)
Net Investment Income	-	44	44	-
Total Revenues	<u>9,000</u>	<u>9,108</u>	<u>8,089</u>	<u>(1,019)</u>
<b>EXPENDITURES</b>				
Bond Interest	7,860	5,867	5,867	-
Contingency	1,026	1,019	-	1,019
County Treasurer's Fees	114	114	114	-
Paying Agent Fees	-	4,000	4,000	-
Total Expenditures	<u>9,000</u>	<u>11,000</u>	<u>9,981</u>	<u>1,019</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	-	(1,892)	(1,892)	-
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds	-	1,929	1,929	-
Total Other Financing Sources	<u>-</u>	<u>1,929</u>	<u>1,929</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	37	37	-
Fund Balance - Beginning of Year	<u>-</u>	<u>87</u>	<u>87</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 124</u></u>	<u><u>\$ 124</u></u>	<u><u>\$ -</u></u>

**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital Outlay	10,000,000	-	10,000,000
Total Expenditures	10,000,000	-	10,000,000
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,000,000)	-	10,000,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	10,000,000	11,054	(9,988,946)
Transfers to Other Fund	-	(1,929)	(1,929)
Total Other Financing Sources (Uses)	10,000,000	9,125	(9,990,875)
<b>NET CHANGE IN FUND BALANCE</b>	-	9,125	9,125
Fund Balance - Beginning of Year	-	(9,125)	(9,125)
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ -

## **OTHER INFORMATION**



**JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ -	0.000	0.000	\$ -	\$ -	- %
2021	268,640	10.000	40.000	13,432	13,432	100.00
2022	189,840	10.000	40.000	9,492	9,493	100.01
Estimated for the Year Ending <u>December 31,</u> 2023	\$ 813,220	10.000	40.000	\$ 40,661		

**EXHIBIT C**  
**CERTIFICATE OF COMPLIANCE**

By signature below, the President of the Board of Directors certifies that, to the best of his actual knowledge, the District is in compliance with all provisions of the Service Plan. This Certification is provided in relation to the Annual Report for the year 2022, as required under the Service Plan for the Johnstown Farms East Metropolitan District.

*Craig Campbell*  
Craig Campbell (Jul 25, 2023 14:32 MDT)  
By: Craig Campbell, President

**EXHIBIT D**

**First Amendment to Funding and Reimbursement Agreement with Developer**

**FRIST AMENDMENT TO FUNDING AND REIMBURSEMENT AGREEMENT  
(Operations and Maintenance)**

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**THIS FIRST AMENDMENT TO FUNDING AND REIMBURSEMENT AGREEMENT** (the “**First Amendment**”) is made and entered into this 14<sup>th</sup> day of November, 2022, by and between JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and TF JOHNSTOWN FARMS, L.P., a Delaware limited partnership (“**TFJF**”). The District and TFJF are sometimes referred to collectively herein as the “**Parties**”.

**RECITALS**

WHEREAS, the District was duly and validly created as a quasi-municipal corporation and political subdivision of the State of Colorado in accordance with the provisions of Title 32 of the Colorado Revised Statutes; and

WHEREAS, the District has undertaken certain obligations to operation and maintain services and facilities for the benefit of the District and property owners within and surrounding the District’s boundaries; and

WHEREAS, the Parties entered into a Funding and Reimbursement Agreement (Operations and Maintenance) dated December 11, 2020 (the “**Agreement**”); and

WHEREAS, the Parties desire to amend the Agreement to extend the term of the Loan Obligation Termination Date and increase the Maximum Loan Amount as set forth in the Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**COVENANTS AND AGREEMENTS**

1. LOAN OBLIGATION TERMINATION DATE. Pursuant to Paragraph 1 of the Agreement, the Parties, through execution of this First Amendment, do hereby agree to extend the Loan Obligation Termination Date, as defined in Paragraph 1 of the Agreement, to December 31, 2023.

2. MAXIMUM LOAN AMOUNT. Pursuant to Paragraph 1 of the Agreement, the Parties, through execution of this First Amendment, do hereby agree to increase the Maximum Loan Amount, as defined in Paragraph 1 of the Agreement, to an amount not to exceed \$55,000

per annum through the Loan Obligation Termination Date, as revised above, up to an aggregate amount of \$200,000.

3. PRIOR PROVISIONS EFFECTIVE. Except as specifically provided herein and amended hereby, all the terms and provisions of the Agreement, as amended, shall remain in full force and effect throughout the duration of the Agreement.

4. COUNTERPART EXECUTION. This First Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Executed copies of this First Amendment may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories to this First Amendment.

*[Remainer of Page Intentionally Left Blank. Signature Page Follows.]*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

DISTRICT:

JOHNSTOWN FARMS EAST METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

*Craig Campbell*

\_\_\_\_\_  
Officer of the District

ATTEST:

*Kurtis Jones*

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

*[Signature]*  
\_\_\_\_\_  
General Counsel to the District

DEVELOPER:

TF JOHNSTOWN FARMS, L.P., a Delaware limited partnership

By: *[Signature]*

Printed Name: CRAIG CAMPBELL

Title: AUTHORIZED SIGNATORY

*[Signature page to First Amendment to Funding and Reimbursement Agreement]*