

**VILLAGES AT JOHNSTOWN
METROPOLITAN DISTRICT NO. 7
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Villages at Johnstown Metropolitan District No. 7
Larimer County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Villages at Johnstown Metropolitan District No. 7, Larimer County, Colorado, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Villages at Johnstown Metropolitan District No. 7'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 Villages at Johnstown Metropolitan District No. 7, as of December 31, 2023, and the respective changes in financial position 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 Villages at Johnstown Metropolitan District No. 7 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

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 Villages at Johnstown Metropolitan District No. 7'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 Villages at Johnstown Metropolitan District No. 7'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 Villages at Johnstown Metropolitan District No. 7'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 Villages at Johnstown Metropolitan District No. 7'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 schedule 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 are the responsibility of management and was derived from and relate 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 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.

The Schedule of Debt Service Requirements to Maturity and 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.

A handwritten signature in black ink that reads "Watson Coon Ryan, LLC". The signature is written in a cursive, flowing style.

Watson Coon Ryan, LLC
March 17, 2025
Centennial, Colorado

BASIC FINANCIAL STATEMENTS

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 4,380,448
Property Taxes Receivable	<u>49</u>
Total Assets	<u>4,380,497</u>
LIABILITIES	
Accrued Interest Payable	88,203
Noncurrent Liabilities:	
Due in More Than One Year	<u>16,935,000</u>
Total Liabilities	<u>17,023,203</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	<u>49</u>
Total Deferred Inflows of Resources	<u>49</u>
NET POSITION	
Restricted for:	
Debt Service	211,597
Capital Projects	453,405
Unrestricted	<u>(13,307,757)</u>
Total Net Position	<u><u>\$ (12,642,755)</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses			Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 10,226,770	\$ -	\$ -	\$ (10,226,770)
Interest and Related Costs on Long-Term Debt	1,058,437	-	-	(1,058,437)
Total Governmental Activities	<u>\$ 11,285,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(11,285,207)</u>
GENERAL REVENUES				
Net Investment Income				539,803
Total General Revenues				<u>539,803</u>
CHANGE IN NET POSITION				
Net Position - Beginning of Year				(10,745,404)
				<u>(1,897,351)</u>
NET POSITION - END OF YEAR				<u>\$ (12,642,755)</u>

See accompanying Notes to Basic Financial Statements.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 3,391,516	\$ 988,932	\$ 4,380,448
Property Taxes Receivable	49	-	-	49
	<u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>
Total Assets	<u>\$ 49</u>	<u>\$ 3,391,516</u>	<u>\$ 988,932</u>	<u>\$ 4,380,497</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	\$ 49	\$ -	\$ -	\$ 49
Total Deferred Inflows of Resources	<u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>
FUND BALANCES				
Restricted for:				
Debt Service	-	3,391,516	-	3,391,516
Capital Projects	-	-	988,932	988,932
Total Fund Balances	<u>-</u>	<u>3,391,516</u>	<u>988,932</u>	<u>4,380,448</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 49</u>	<u>\$ 3,391,516</u>	<u>\$ 988,932</u>	

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

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	(16,935,000)
Accrued Interest on Bonds Payable	<u>(88,203)</u>
Net Position of Governmental Activities	<u>\$ (12,642,755)</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Fund</u>
REVENUES				
Net Investment Income	\$ -	\$ 173,757	\$ 366,046	\$ 539,803
Total Revenues	<u>-</u>	<u>173,757</u>	<u>366,046</u>	<u>539,803</u>
EXPENDITURES				
General:				
Transfer to District No. 1	-	-	10,226,770	10,226,770
Debt Service:				
Bond Interest	<u>-</u>	<u>1,058,437</u>	<u>-</u>	<u>1,058,437</u>
Total Expenditures	<u>-</u>	<u>1,058,437</u>	<u>10,226,770</u>	<u>11,285,207</u>
NET CHANGE IN FUND BALANCES	-	(884,680)	(9,860,724)	(10,745,404)
Fund Balances - Beginning of Year	<u>-</u>	<u>4,276,196</u>	<u>10,849,656</u>	<u>15,125,852</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 3,391,516</u>	<u>\$ 988,932</u>	<u>\$ 4,380,448</u>

Amounts reported for governmental activities in the statement of activities are the same as above.

See accompanying Notes to Basic Financial Statements.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Villages at Johnstown Metropolitan District No. 7 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized concurrently with Villages of Johnstown District Nos. 1-6 and 8 (collectively, the Districts) by order and decree of the District Court for Larimer County on May 30, 2018, 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 on May 8, 2018, 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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023.

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.

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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 4,380,448
Total Cash and Investments	<u>\$ 4,380,448</u>

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2023, consist of the following:

Investments	\$ 4,380,448
Total Cash and Investments	<u>\$ 4,380,448</u>

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.

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

As of December 31, 2023, the District had no cash deposits.

Investments

The District has adopted an investment policy by which it 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

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Morgan Stanley Institutional Liquidity Funds	Weighted-Average 6 days	<u>\$ 4,380,448</u>

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are the quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2023:

Level 1 Inputs:

Morgan Stanley Institutional Liquidity Funds

At December 31, 2023, all of District's funds held in trust accounts at United Missouri Bank were invested in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio that are valued using quoted market prices in active markets for identical assets. This portfolio is managed by Morgan Stanley and each share is equal in value to \$1.00. The fund is AAAM rated and invests in a process that seeks to select maturities based on the shape of the money market yield curve and on expectations as to future shifts in the level and shape of the curve, taking into consideration such factors as current short-term interest rates, Federal Reserve policy regarding interest rates, and U.S. economic activity. The average maturity of the underlying securities is six days.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023 :

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax General					
Obligation Bonds,					
Series 2022	\$ 16,935,000	\$ -	\$ -	\$ 16,935,000	\$ -
Total	<u>\$ 16,935,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,935,000</u>	<u>\$ -</u>

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

Limited Tax General Obligation Bonds, Series 2022

Bond Issuance

The District issued Limited Tax General Obligation Bonds, Series 2022 on June 30, 2022 in the par amount of \$16,935,000 (the Bonds). Proceeds from the sale of the Bonds were/will be used to (i) finance or reimburse the costs of public improvements related to a residential development in the Town; (ii) fund capitalized interest on the Bonds; (iii) fund the initial deposit to the Surplus Fund; and (iv) pay other costs in connection with the issuance of the Bonds.

Bonds Details

The Bonds bear interest at the rate of 6.250%, payable semi-annually on June 1 and December 1 (each an "Interest Payment Date"), beginning on December 1, 2022. Annual mandatory sinking fund principal payments on the Bonds due annually on December 1, beginning on December 1, 2022. The Bonds mature on December 1, 2052. To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 1, 2065. 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 1, 2065. 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 Senior Bonds.

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.

Bonds Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, and is defined generally in the Indenture as: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Pledged Capital Fees; and (d) any other legally available moneys which the District determine, in its absolute discretion, to transfer to the Bond Fund.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2022 (Continued)

Required Mill Levy

A Required Mill Levy is to be imposed in an amount sufficient to generate Property Tax revenues sufficient to pay debt service on the Bonds, but not in excess of the applicable Maximum Required Mill Levy; provided, however, that for so long as the amount on deposit in the Surplus Fund maintained under the Indenture is less than the Maximum Surplus Amount, the Required Mill Levy for each Taxing District (the District, District No. 5 and District No. 6) shall be equal to the Maximum Required Mill Levy for such Taxing District, or such lesser amounts determined by the Issuing District which maintain the Relative Required Mill Levy Ratio, and which, if imposed in the applicable amounts by all of the Taxing Districts for collection in the succeeding calendar year, would generate Property Tax Revenues sufficient to pay debt service on the Bonds and to fully fund the Surplus Fund to the Maximum Surplus Amount.

Per the Capital Pledge Agreement among the District, District No. 5, and District No. 6 dated June 1, 2022, a Maximum Required Mill Levy with respect to the Issuing District and District No. 6 is 40 mills and with respect to District No. 5, it is 20 mills, adjusted for changes occurring after January 1, 2018, so that to the extent possible, the actual tax revenues generated by the applicable mill levy are neither diminished nor enhanced as a result of such changes. A change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on June 1, 2027, 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>
June 1, 2027 to May 31, 2028	3.00%
June 1, 2028 to May 31, 2029	2.00
June 1, 2029 to May 31, 2030	1.00
June 1, 2030 and thereafter	0.00

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2022 (Continued)

Principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,058,438	\$ 1,058,438
2025	-	1,058,438	1,058,438
2026	-	1,058,438	1,058,438
2027	125,000	1,058,438	1,183,438
2028	160,000	1,050,625	1,210,625
2029 - 2033	1,115,000	5,079,376	6,194,376
2034 - 2038	1,890,000	4,640,314	6,530,314
2039 - 2043	2,915,000	3,929,689	6,844,689
2044 - 2048	4,360,000	2,849,376	7,209,376
2049 - 2052	6,370,000	1,165,001	7,535,001
Total	<u>\$ 16,935,000</u>	<u>\$ 22,948,133</u>	<u>\$ 39,883,133</u>

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Authorized May 8, 2018 Election</u>	<u>Authorization Used Series 2022</u>	<u>Remaining at December 31, 2023</u>
Public Improvements	\$ 560,000,000	\$ 16,935,000	\$ 543,065,000
Operations and Maintenance	70,000,000	-	70,000,000
Intergovernmental Agreements	70,000,000	-	70,000,000
Refunding	70,000,000	-	70,000,000
Total	<u>\$ 770,000,000</u>	<u>\$ 16,935,000</u>	<u>\$ 753,065,000</u>

The Service Plan currently limits the aggregate Debt (as defined in the Service Plan) that may be issued by the Districts to \$72,500,000.

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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 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, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service	\$ 211,597
Capital Projects	453,405
Total Restricted Net Position	<u>\$ 665,002</u>

The District has a deficit in unrestricted net position. This deficit is due to bond proceeds that were transferred to District No. 1.

NOTE 6 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-8)

Effective as of October 20, 2020, the Districts entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain public improvements within such Districts. Pursuant to the Coordinating Services Agreement, District No. 1 was designated as the “coordinating district” (the Coordinating District). The District, District Nos. 2-6, and District No. 8 were each designated as “financing districts” (the Financing Districts).

NOTE 7 RELATED PARTIES

The property within the District is being developed by J-25 Land Holding, LLC (Developer). During 2023, 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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 RELATED PARTIES (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreements (IARAs)

The Developer, Ridge II Holdco, LLC, and Southridge Holdco, LLC each entered into an individual Infrastructure Acquisition and Reimbursement Agreement with the District and District No. 1 on March 30, 2022 (the IARAs). Pursuant to the IARAs, the District, the Developer, Ridge II Holdco, LLC, and Southridge Holdco, LLC acknowledge that District No. 1 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.

The parties agreed that only completed phases of work shall be eligible for reimbursement by the District. The District agrees to reimburse the Developer for certified construction costs related to improvements.

Pursuant to the Coordinating Agreement, District No. 1, as the Coordinating District, will own, operate, and maintain all public infrastructure within the boundaries of Villages at Johnstown Metropolitan District Nos. 1-8 and the District, as a Financing District and along with the other Financing Districts, is responsible for its respective share of any and all costs, fees, charges, and expenses incurred by District No. 1 in providing administrative, operations, and maintenance services to and for the benefit of the Districts. Therefore, any advances under this agreement are recognized by District No. 1.

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.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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. During the May 8, 2018 election, the District's voters allowed the District to collect and spend revenues 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.

NOTE 10 SUBSEQUENT EVENT

On June 24, 2024, the Larimer County District Court issued a Corrected Order Granting Name Change which changed the names of Villages at Johnstown Metropolitan District Nos. 1-8 to Ridge at Johnstown Metropolitan District Nos. 1-8.

SUPPLEMENTARY INFORMATION

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 75,000	\$ 173,757	\$ 98,757
Capital Fees	521,588	-	(521,588)
Total Revenues	<u>596,588</u>	<u>173,757</u>	<u>(422,831)</u>
EXPENDITURES			
Contingency	12,562	-	12,562
Bond Interest	1,058,438	1,058,437	1
Paying Agent Fees	4,000	-	4,000
Total Expenditures	<u>1,075,000</u>	<u>1,058,437</u>	<u>16,563</u>
NET CHANGE IN FUND BALANCE	(478,412)	(884,680)	(406,268)
Fund Balance - Beginning of Year	<u>4,250,083</u>	<u>4,276,196</u>	<u>26,113</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,771,671</u>	<u>\$ 3,391,516</u>	<u>\$ (380,155)</u>

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Net Investment Income	\$ 91,758	\$ 366,000	\$ 366,046	\$ 46
Total Revenues	91,758	366,000	366,046	46
EXPENDITURES				
Transfers to District No. 1	9,460,000	10,300,000	10,226,770	73,230
Total Expenditures	9,460,000	10,300,000	10,226,770	73,230
NET CHANGE IN FUND BALANCE	(9,368,242)	(9,934,000)	(9,860,724)	73,276
Fund Balance - Beginning of Year	9,368,242	10,849,656	10,849,656	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 915,656</u>	<u>\$ 988,932</u>	<u>\$ 73,276</u>

OTHER INFORMATION

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$16,935,000 General Obligation Limited Tax Bonds

Series 2022, Dated June 30, 2022

Interest Rate 6.250%

Principal Due December 1

Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,058,438	\$ 1,058,438
2025	-	1,058,438	1,058,438
2026	-	1,058,438	1,058,438
2027	125,000	1,058,438	1,183,438
2028	160,000	1,050,625	1,210,625
2029	170,000	1,040,625	1,210,625
2030	205,000	1,030,000	1,235,000
2031	215,000	1,017,188	1,232,188
2032	255,000	1,003,750	1,258,750
2033	270,000	987,813	1,257,813
2034	315,000	970,938	1,285,938
2035	335,000	951,250	1,286,250
2036	380,000	930,313	1,310,313
2037	405,000	906,563	1,311,563
2038	455,000	881,250	1,336,250
2039	485,000	852,813	1,337,813
2040	540,000	822,500	1,362,500
2041	575,000	788,750	1,363,750
2042	640,000	752,813	1,392,813
2043	675,000	712,813	1,387,813
2044	750,000	670,625	1,420,625
2045	795,000	623,750	1,418,750
2046	875,000	574,063	1,449,063
2047	925,000	519,375	1,444,375
2048	1,015,000	461,563	1,476,563
2049	1,080,000	398,125	1,478,125
2050	1,175,000	330,625	1,505,625
2051	1,250,000	257,188	1,507,188
2052	2,865,000	179,063	3,044,063
Total	<u>\$ 16,935,000</u>	<u>\$ 22,948,133</u>	<u>\$ 39,883,133</u>

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 7
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year	Mills Levied for		Total Property Taxes		Percent Collected to Levied
	Property Tax Levy	General	Debt Service	Levied	Collected	
2019	\$ 59	0.000	0.000	\$ -	\$ -	N/A
2020	58	0.000	0.000	-	-	N/A
2021	58	0.000	0.000	-	-	N/A
2022	58	0.000	0.000	-	-	N/A
2023	3,531	0.000	0.000	-	-	N/A
Estimated for the Year Ending December 31,						
2024	\$ 4,493	10.851	0.000	\$ 49		