

TOWN OF TIMNATH, COLORADO

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**TOWN OF TIMNATH
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YEAR ENDED DECEMBER 31, 2021**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Timnath Town Council
Town of Timnath, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Timnath, Colorado (the Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Timnath Landing General Improvement District, which represents less than 1 percent, of the assets, net position, and revenues of the governmental activities as of December 31, 2021, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Timnath Landing General Improvement District, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Town, 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 opinions.

Emphasis of a Matter

The financial statements for the year ended December 31, 2021 reflect a prior period adjustment as described further in Note 19 to the financial statements. Our opinion is not modified with respect to this matter.

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 the Town'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Town'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 the Town'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and GASB required pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Adorno Group, LLC

Denver, Colorado
July 5, 2022

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The management of the Town of Timnath (the Town) offers the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2021.

Financial Highlights

- On a government-wide level, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$53,685,202 (net position) at the close of the fiscal year.
- The Town's governmental funds reported combined ending fund balances of \$42,393,080 at the close of the fiscal year. Of this amount, \$10,382,605 is restricted for debt service, capital projects, conservation trust, grants, and emergencies, \$14,324,218 is committed for other capital improvements and working capital reserve, \$7,401,554 is assigned for subsequent years expenditures and \$10,284,703 is unassigned.
- Total net position increased by \$12,304,342 or 30%, mainly attributable to the increase in the Town's tax revenues and charges for services.
- Total cash and investments increased by \$4,922,526 or 13% from the prior year, mainly attributable to increased tax and program revenue offset by use of Timnath Development Authority project account for capital projects.
- Tax revenues increased by \$2,521,484 or 13% from the prior year.
- General Fund expenditures increased by \$5,904,090 as compared to the prior year. A significant portion of this increase was associated with capital costs in infrastructure and buildings.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and schedules in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net position presents information on all Town assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between the four is reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Both of the government-wide financial statements identify functions of the Town that are principally to be supported by property taxes and sales taxes (governmental activities). The governmental activities of the Town include general government, municipal court, community development, public works, public safety, parks and recreation, and interest and related costs on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town maintains six governmental funds. The General Fund and Timnath Development Authority (TDA) Fund (a blended component unit) are considered to be major funds and are presented separately in the governmental funds balance sheet and in the statement of revenues, expenditures, and changes in fund balances. The Grant Fund, Special Revenue-Timnath Landing GID (a blended component unit), Capital Projects-Timnath Landing GID (a blended component unit) are all non-major governmental funds and are combined into a single, aggregated presentation, with individual fund information presented as Other Supplementary Information.

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

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

The Town adopts annual appropriated budgets for the General Fund and Grant Fund, the TDA adopts an annual appropriated budget for the Timnath Development Authority, the Timnath Landing General Improvement District adopts an annual appropriated budget for the Timnath Landing GID Special Revenue Fund and Capital Projects Fund. A budgetary comparison schedule has been provided for each of these funds in the supplemental information to demonstrate compliance with these budgets.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-48 of this report.

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets related to governmental activities exceeded liabilities by \$53,685,202 at the end of the year. For details about the 2020 restated balance, please see Note 19, page 49.

Net Position

	December 31,	
	2021	2020 restated
Current Assets	\$ 54,771,005	\$ 48,513,316
Capital Assets	77,258,965	71,861,784
Total Assets	132,029,970	120,375,100
Deferred Outflow of Resources	1,378,369	373,327
Total Deferred Outflow of Resources	1,378,369	373,327
Current Liabilities	3,417,228	2,520,281
Noncurrent Liabilities	65,553,303	68,282,965
Total Liabilities	68,971,031	70,803,246
Deferred Inflow of Resources	10,752,106	8,564,321
Total Deferred Inflow of Resources	10,752,106	8,564,321
Net Investment in Capital Assets	24,218,576	17,901,655
Restricted	4,231,083	2,054,382
Unrestricted	25,235,543	21,424,823
Total Net Position	<u>\$ 53,685,202</u>	<u>\$ 41,380,860</u>

NET POSITION - BY CATEGORY



**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Net investment in capital assets comprises 45% of the Town's net position. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

An additional 8% of the Town's net position represents resources that are subject to restrictions as to how they can be used and are not currently available for the Town's ongoing obligations (e.g. emergency/TABOR reserve, conservation trust funds, grants, debt service, and capital projects). The remaining 47% of the Town's net position is unrestricted and may be used to meet the Town's future expenditures.

At the end of the fiscal year, the Town is able to report positive balances in all three categories of net position.

Change in Net Position

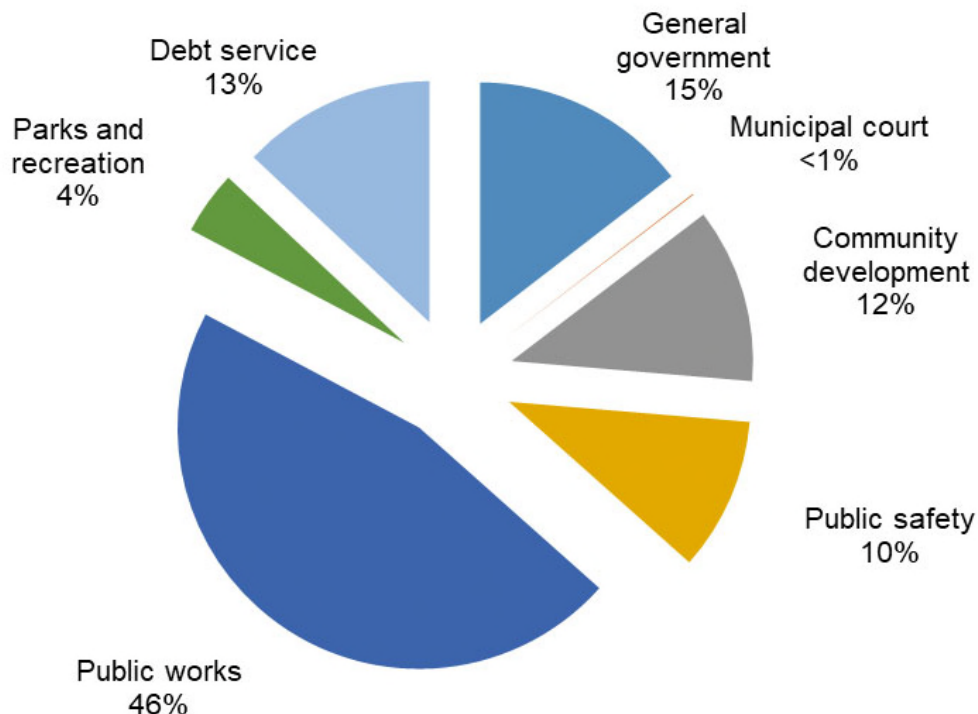
	December 31,	
	2021	2020
Revenue:		
Program Revenues:		
Charges for Services	\$ 10,860,606	\$ 6,341,356
Operating Grants and Contributions	358,857	496,921
Capital Grants and Contributions	416,538	331,448
General Revenues:		
Property Taxes	288,067	242,822
Sales Taxes	10,621,988	9,351,869
TIF and Other Taxes	11,559,431	10,353,311
Franchise Fees	330,352	234,597
Interest Income	36,543	171,122
Other Revenues	618,919	241,182
Total Revenues	<u>35,091,301</u>	<u>27,764,628</u>
Expenses:		
General Government	3,316,270	4,026,154
Municipal Court	16,301	14,151
Community Development	2,668,434	2,261,025
Public Safety	2,336,928	1,823,753
Public Works	10,518,032	5,588,997
Parks and Recreation	969,357	738,376
Interest and Related Costs on		
Long-Term Debt	2,961,637	3,212,931
Total Expenses	<u>22,786,959</u>	<u>17,665,387</u>
CHANGE IN NET POSITION	12,304,342	10,099,241
Net Position - Beginning of Year as restated	<u>41,380,860</u>	<u>31,281,619</u>
NET POSITION - END OF YEAR	<u><u>\$ 53,685,202</u></u>	<u><u>\$ 41,380,860</u></u>

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The Town's net position related to governmental activities increased by \$12,263,361 during the current fiscal year. Several key highlights of the statement of activities during 2021 are as follows:

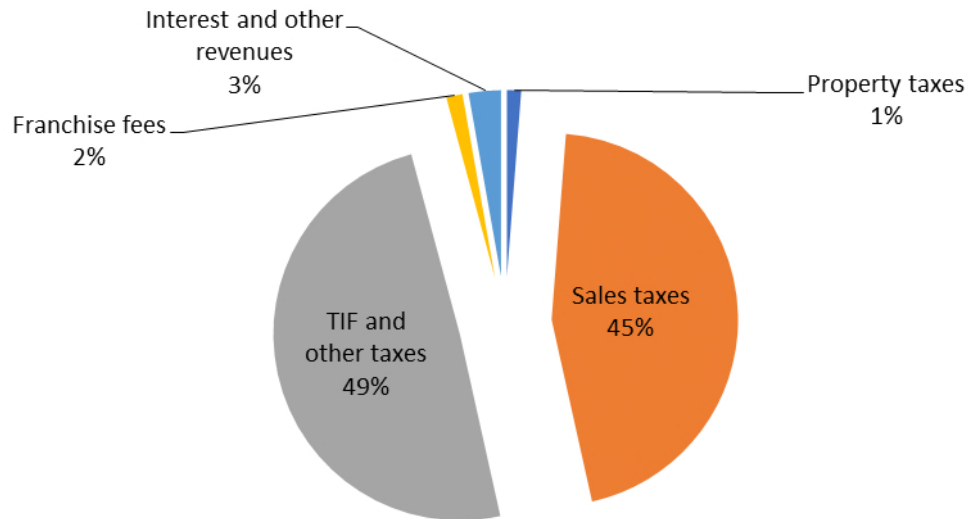
- 2021 charges for services increased by 71% from the prior year. This increase was related to increases in impact and development fees received by the Town from residential and commercial development.
- 2021 operating and capital grants and contributions decreased by 17% from the prior year primarily due to decreased grant revenue from the Coronavirus Aid, Relief, and Economic Security Act (CARES) to offset additional expenses incurred as a result of the COVID-19 pandemic.
- Total taxes increased by 13%. This can be attributed to residential property growth, increased property assessments valuations, increased sales tax from retailers within the Town, and an increase in remittance of sales taxes from online retailers.
- Other income increased by 157% as a result of consulting agreement deferral obligations that were terminated along with consulting contracts for legal and engineering.
- Total aggregate expenses for governmental activities increased by 29% as compared to the prior year. The main factor contributing to this net increase is that 2021 included more capital project spending. 2021 major capital projects included; Buss Grove – Landings to Latham Parkway, Timnath Reservoir Trail and Park, Public Safety Facility, Improvements to the Public Works Building, and TROC Trail.

EXPENSES - GOVERNMENTAL ACTIVITIES

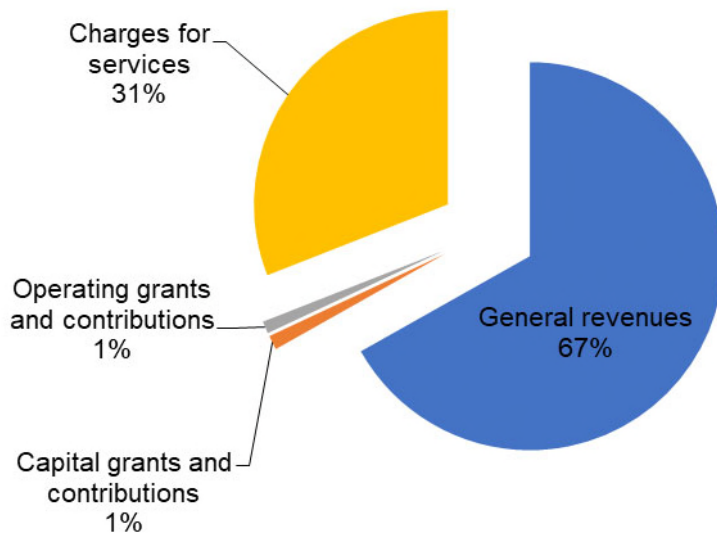


**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

**GENERAL REVENUES BY SOURCE -
GOVERNMENTAL ACTIVITIES**



**REVENUES BY SOURCE - GOVERNMENTAL
ACTIVITIES**



**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$42,393,080. Of this amount, \$10,284,703 constitutes unassigned fund balances, which are available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the committed and unassigned fund balance of the General Fund was \$24,608,921 out of a total fund balance of \$36,236,792 or 68%.

The fund balance of the Town's General Fund increased by \$8,774,881 during the current fiscal year.

At the end of the current fiscal year, the TDA Fund reported a fund balance of \$6,151,522, which is restricted for future debt service payments and capital improvement expenditures.

General Fund Budgetary Highlights

The Town prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets, and debt repayments, as well as capital outlay, in addition to operations and non-operating revenue and contributions. Capital contributions and depreciation are not reflected on the budget since they do not affect "funds available." This budgetary accounting is required by state statutes.

In the General Fund, the Town's total actual revenue was greater than the budgeted revenue by \$1,647,758. This is a result of increased building use tax, permit and impact fees offset by less than anticipated intergovernmental capital transfers from the TDA.

In the General Fund, the Town's actual expenditures were less than the appropriation by \$14,516,870. This variance was mainly due to the delay of capital projects related to infrastructure and the public safety building. In addition, the Town realized salaries and benefits savings from vacant positions.

Additional budget information can be found on page 52 of this report.

Capital Assets

The Town reported \$77,258,965 in capital assets for its governmental-type activities for the year ended December 31, 2021. Additions during the year totaled \$8,823,154, primarily related to construction of roads, buildings, park improvements and vehicle purchases. The Town completed the non-potable system and began construction on the public safety building, improvements at the public works building, Buss Grove – Landings to Latham Parkway, Timnath Reservoir Trail and Park, and TROC Trail.

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Additional information on the Town's capital assets can be found in Note 6 on page 16 of this report and in the supplementary information on page 65.

Long-Term Debt

As of December 31, 2021, the Town and the TDA had outstanding long term obligations totaling \$65,553,303. The majority of this is related to loans payable to PNC Bank which were issued in September 2015 and November 2018.

Additional information on the Town's and the TDA's long-term debt can be found in Note 7 on pages 17 thru 23 of this report.

Economic Factors and Next Year's Budgets

The 2022 budget reflects the Town Council's desire to achieve a fiscally responsible budget utilizing conservative revenue projections, as well as discretionary expenditure levels, and reasonable reserves.

The Town has appropriated a total of \$44,000,000 in anticipated spending for fiscal year 2022. In addition to Town operations and maintenance expenditures, the Town's budget includes various capital improvement projects, including but not limited to, the construction of a PD facility, Parkway Improvements, Main Street from Buss Grove to Prospect, and Timnath Community Park. The TDA has appropriated a total of \$20,000,000 for spending in fiscal year 2022. The TDA's budget includes \$7,400,000 for annual loan principal and interest repayment and \$11,600,000 for intergovernmental transfers to the Town, of which \$3,000,000 relates to TDA capital project costs anticipated to be completed during 2022.

Subsequent to budget adoption, the Town and TDA re-financed the terms of the loans payable with PNC and the certificates of participation. No additional debt was incurred and no prepayment or yield maintenance penalties were paid as a result of these transactions. Cost of issuance totaled \$48,700 and \$24,800 for the TDA and Town respectively. The terms include a reduction in interest rate on all three obligations to 3.9%, non-callable through maturity and no change to the maturity dates. As a result of this refunding, the Town will realize approximately \$286,000 in net present value through the remainder of the certificates of participation and the TDA will realize approximately \$1,500,000 in net present value through maturity of the loans payable.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Timnath
Finance Director
4750 Signal Tree Drive
Timnath, CO 80547

BASIC FINANCIAL STATEMENTS

**TOWN OF TIMNATH
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 34,725,837
Cash and Investments - Restricted	9,447,530
Receivables:	
Taxes	1,199,911
Intergovernmental, Franchise and Other Receivable	251,720
Property Taxes Receivable	9,146,007
Capital Assets, Not Being Depreciated	16,120,929
Capital Assets, Net of Accumulated Depreciation	61,138,036
Total Assets	<u>132,029,970</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension/OPEB	1,378,369
Total Deferred Outflows of Resources	<u>1,378,369</u>
LIABILITIES	
Accounts Payable	2,147,161
Retainage Payable	319,549
Deposits	137,085
Unearned Revenue	628,123
Accrued Interest Payable	185,810
Noncurrent Liabilities:	
Due Within One Year:	
Direct Borrowings	6,019,570
Compensated Absences	214,841
Due in More Than One Year:	
Direct Borrowings	53,679,121
Net Pension Liability	1,426,127
OPEB	198,184
Developer Advances	4,015,460
Total Liabilities	<u>68,971,031</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Revenue	9,146,007
Related to Pension/OPEB	1,606,099
Total Deferred Inflows of Resources	<u>10,752,106</u>
NET POSITION	
Net Investment in Capital Assets	24,218,576
Restricted for:	
Emergencies	691,000
Conservation Trust	268,330
Grants	4,766
Capital Projects	3,266,987
Unrestricted	<u>25,235,543</u>
Total Net Position	<u><u>\$ 53,685,202</u></u>

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

**TOWN OF TIMNATH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 3,316,270	\$ 47,200	\$ 35,468	\$ -	\$ (3,233,602)
Municipal Court	16,301	112,065	-	-	95,764
Community Development	2,668,434	2,800,159	-	-	131,725
Public Safety	2,336,928	366,911	56,081	-	(1,913,936)
Public Works	10,518,032	5,479,402	267,308	-	(4,771,322)
Parks and Recreation	969,357	2,054,869	-	416,538	1,502,050
Interest and Related Costs on Long-Term Debt	2,961,637	-	-	-	(2,961,637)
Total Governmental Activities	\$ 22,786,959	\$ 10,860,606	\$ 358,857	\$ 416,538	(11,150,958)
GENERAL REVENUES					
Property Taxes					288,067
Sales Taxes					10,621,988
TIF Property Taxes					7,668,954
Other Taxes					3,890,477
Franchise Fees					330,352
Net Investment Income					36,543
Other Revenues					618,919
Total General Revenues					23,455,300
CHANGE IN NET POSITION					
Net Position - Beginning of Year as restated					12,304,342
NET POSITION - END OF YEAR					41,380,860
					\$ 53,685,202

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

**TOWN OF TIMNATH
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Timnath Development Authority	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 34,725,837	\$ -	\$ -	\$ 34,725,837
Cash and Investments - Restricted	3,284,835	6,157,929	4,766	9,447,530
Receivables:				
Taxes	1,199,911	-	-	1,199,911
Intergovernmental, Franchise and Other Receivable	251,720	-	-	251,720
Property Tax Receivable	393,022	8,752,985	-	9,146,007
Total Assets	\$ 39,855,325	\$ 14,910,914	\$ 4,766	\$ 54,771,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,140,754	\$ 6,407	\$ -	\$ 2,147,161
Retainage Payable	319,549	-	-	319,549
Deposits	137,085	-	-	137,085
Unearned Revenue	628,123	-	-	628,123
Total Liabilities	3,225,511	6,407	-	3,231,918
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	393,022	8,752,985	-	9,146,007
Total Deferred Inflow s of Resources	393,022	8,752,985	-	9,146,007
FUND BALANCES				
Restricted	4,226,317	6,151,522	4,766	10,382,605
Committed	14,324,218	-	-	14,324,218
Assigned	7,401,554	-	-	7,401,554
Unassigned	10,284,703	-	-	10,284,703
Total Fund Balances	36,236,792	6,151,522	4,766	42,393,080
Total Liabilities, Deferred Inflow s of Resources, and Fund Balances	\$ 39,855,325	\$ 14,910,914	\$ 4,766	\$ 54,771,005

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

**TOWN OF TIMNATH
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balance - Governmental Funds	\$ 42,393,080
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Capital Assets, Not Being Depreciated	16,120,929
Capital Assets, Net of Accumulated Depreciation	61,138,036

Deferred outflows of resources used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Related to Pension	1,258,272
Related to OPEB	120,097

Deferred inflows of resources used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Related to OPEB	(63,821)
Related to Pension	(1,542,278)

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued Interest Payable	(185,810)
Notes Payable - Compass Bank	(51,995,000)
Certificates of Participation	(7,308,700)
Promissory Notes - Hartford	(245,648)
Capital Lease - Police Vehicles	(149,343)
Compensated Absences	(214,841)
Net Pension Liability	(1,426,127)
OPEB	(198,184)
Developer Advance Payable	(4,015,460)

Net Position of Governmental Activities	<u><u>\$ 53,685,202</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF TIMNATH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Timnath Development Authority	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,420,588	\$ 15,048,898	\$ -	\$ 22,469,486
Intergovernmental:				
Town/TDA	12,261,675	-	-	12,261,675
Other	730,153	-	-	730,153
Licenses, Fees and Charges	10,737,703	-	-	10,737,703
Franchise Fees	330,352	-	-	330,352
Fines and Forfeitures	112,065	-	-	112,065
Net Investment Income	10,894	25,649	-	36,543
Other Revenues	553,431	-	7,032	560,463
Grants	-	-	56,081	56,081
Total Revenues	32,156,861	15,074,547	63,113	47,294,521
EXPENDITURES				
General and Operating:				
General Government	2,755,917	233,367	6,068	2,995,352
Municipal Court	16,301	-	-	16,301
Community Development	2,660,092	-	-	2,660,092
Public Safety	2,163,714	-	-	2,163,714
Public Works	2,453,460	-	-	2,453,460
Parks and Recreation	556,413	-	-	556,413
Debt Service:				
Principal	726,625	4,265,000	-	4,991,625
Interest	398,608	2,640,262	-	3,038,870
Capital Outlay:				
Parks and Recreation Improvements	2,830,289	-	-	2,830,289
Infrastructure Improvements	3,617,609	-	-	3,617,609
Building and Equipment	1,889,427	-	-	1,889,427
Stormwater Improvements	2,650	342,751	-	345,401
Land and Property Acquisition	3,367,814	-	-	3,367,814
Intergovernmental - Town/TDA	-	12,261,675	-	12,261,675
Contract Reimbursement	-	-	2,681,422	2,681,422
Total Expenditures	23,438,919	19,743,055	2,687,490	45,869,464
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,717,942	(4,668,508)	(2,624,377)	1,425,057
OTHER FINANCING SOURCES (USES)				
Developer Advances	-	-	2,681,422	2,681,422
Transfers In (Out)	56,939	-	(56,939)	-
Total Other Financing Sources (Uses)	56,939	-	2,624,483	2,681,422
NET CHANGE IN FUND BALANCES	8,774,881	(4,668,508)	106	4,106,479
Fund Balances - Beginning of Year	27,461,911	10,820,030	4,660	38,286,601
FUND BALANCES - ENDING OF YEAR	<u>\$ 36,236,792</u>	<u>\$ 6,151,522</u>	<u>\$ 4,766</u>	<u>\$ 42,393,080</u>

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

TOWN OF TIMNATH
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, 2021

Net Change in Fund Balances - Governmental Funds \$ 4,106,479

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

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as expenditures; such costs are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	8,823,154
Disposal of Capital Assets	(69,778)
Depreciation	(3,356,195)

The issuance of long-term debt (e.g. bonds, note payable) 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.

Developer Advances	(2,681,422)
Town Advances	58,456
Payment of Principal - Capital Leases	104,048
Payment of Principal - Compass Bank Loan	4,265,000
Payment of Principal - Certificates of Participation	633,100
Payment of Principal - Hartford Promissory Notes	476,597

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 the governmental funds.

Compensated Absences - Change in Liability	(41,986)
Accrued Interest Payable - Change in Liability	78,360
Pension Related - Net Expense	(100,091)
OPEB Related - Net Expense	8,620

Change in Net Position of Governmental Activities	\$ 12,304,342
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**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

The Town of Timnath, Colorado (Town) was incorporated on June 29, 1920. The electorate voted to become a home rule municipality on November 7, 2006, under the provisions of Article XX of the Constitution of the state of Colorado. The Town operates under a Council Manager form of government and provides the following services as authorized by its charter: public safety, public works, parks and recreation and general government activities including administration, finance, and municipal court.

The Town 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.

As required by generally accepted accounting principles (GAAP), these financial statements present the Town (the primary government) and its blended component units.

The Timnath Development Authority (the TDA) was established in 2004 under the Colorado Revised Statutes for the purpose of curing blighted areas within the Town and its growth management areas. The Town Council serves as the governing board of the TDA. The TDA is presented as a blended component unit because the governing board and the Town Council are the same, and the TDA derives a financial benefit from the Town. The TDA does not issue separate financial statements.

The Timnath Landing General Improvement District (the GID), a public improvement district and a quasi-municipal corporation, was duly organized pursuant to Part 6, Article 25, Title 31, Colorado Revised Statutes (C.R.S) and Ordinance of the Town of Timnath (the "Town") on August 27, 2019. The GID was created to reimburse the Developer for extra-ordinary improvements including public streets, park and recreation, water, sanitation, and safety. The Town Council constitutes the Board of Directors of the GID and thereby the GID is included as a blended component unit of the Town. The GID does issue separate financial statements.

The Town is not a component unit of any other primary governmental entity.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Town 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 report all of the activities of the Town and its component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes, sales taxes, and intergovernmental revenues.

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

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 Town considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, interest income, and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures, other than interest on long-term obligations, are generally recorded when a liability is incurred.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

The Town reports the following major governmental funds:

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

The Timnath Development Authority Fund accounts for tax increment revenues received within the TDA boundaries to be used for urban renewal projects and/or related project indebtedness.

The Town reports the following non-major governmental funds:

The Grants Fund accounts for grants received by the Town intended to be used for specific projects.

The Special Revenue Fund GID is used to account for the financial resources to be used for the general operations related to the GID.

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

Budgets

In accordance with the State Budget Law, the Town Council 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 Town 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. There was one budget amendment in the grants fund for 2021 approved by Council for additional grant funds received after the original budget adoption. The original and revised budgets are reflected in the other supplementary information.

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize interest 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

The Town reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property Taxes

Property taxes are levied by the Town Council. The levy is based on assessed valuations determined by Larimer County Assessor generally as of January of each year. The levy is set by December 15 by certification to the Larimer County Commissioners to put the tax lien on the property as of January 1 of the following year. Larimer County bills and collects taxes for the Town. At the option of the taxpayer, property taxes may be paid in either one installment on April 30, or two installments on February 28 and June 15. The County remits the taxes collected monthly to the Town. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December.

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, including infrastructure assets (e.g., roads, bridges, sidewalk), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings and Improvements	25 – 75 years
Infrastructure (Roads, etc.)	15 – 25 years
Parks and Recreation	15 – 25 years
Art	25 years
Machinery and Equipment	5 – 10 years
Computers and Software	5 years
Vehicles	5 – 15 years

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees are permitted to accumulate earned, but unused vacation pay benefits. The maximum vacation leave hours that an employee may accumulate or receive upon separation of service is limited by Town policy. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Town's General Fund is used to liquidate compensated absences of the governmental activities.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as noncurrent liabilities in the governmental activities column of the government-wide statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Town has two items that qualify for reporting in this category. Accordingly, the items, which are all related to pensions and OPEB and are reflected in the statement of net position, are deferred and recognized as outflows of resources in the period that the amounts are incurred.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. Accordingly, these items, property taxes revenue and Pension/OPEB related items, are deferred and recognized as inflows of resources in the period that the amounts become available.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are recorded as unearned revenue.

Net Position/Fund Balance

Net Position

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

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Fund Balance

In the governmental funds, fund balances 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 be 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, Town Council. The constraint may be removed or changed only through formal action of Town Council.

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 Town Council 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 balances is available for use when an expenditure is incurred, it is the Town's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 34,725,837
Cash and Investments - Restricted	9,447,530
Total Cash and Investments	<u>\$ 44,173,367</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and Investments as of December 31, 2021, consist of the following:

Cash on Hand	\$ 350
Cash and Deposits with Financial Institutions	11,707,189
Investments	32,465,828
Total Cash and Investments	<u>\$ 44,173,367</u>

Deposits with Financial Institutions

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.

On December 31, 2021, the Town's cash deposits had a bank balance of \$11,922,910 and a carrying balance of \$11,707,189.

Investments

The Town has adopted a formal investment policy. The Town 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 Town 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 Town Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2021, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 32,465,828</u>

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 FUND BALANCE

The specific purpose for each fund balance classification on the balance sheet is detailed in the table below:

	General Fund	Timnath Development Authority	Other Governmental Funds	Total
FUND BALANCES				
Restricted for:				
Emergencies (TABOR Reserve)	\$ 691,000	\$ -	\$ -	\$ 691,000
Conservation Trust	268,330	-	-	268,330
Public Safety Grant	-	-	4,766	4,766
Capital Projects	3,266,987	4,636,912	-	7,903,899
Debt Service	-	1,514,610	-	1,514,610
Total	<u>\$ 4,226,317</u>	<u>\$ 6,151,522</u>	<u>\$ 4,766</u>	<u>\$ 10,382,605</u>
Committed for:				
Streets, Public Safety, Parks, School, Storm Sewer and Other Improvements (Impact Fees and In-Lieu Fees)	\$ 11,391,418	\$ -	-	\$ 11,391,418
Working Capital Reserve - 25% of Operating Expenditures	2,932,800	-	-	2,932,800
Total	<u>\$ 14,324,218</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 14,324,218</u>
Assigned:				
Subsequent Year's Expenditures in Excess of Revenue	\$ 7,401,554	\$ -	-	\$ 7,401,554
Unassigned:				
General Government	\$ 10,284,703	\$ -	-	\$ 10,284,703
Total Fund Balances	<u><u>\$ 36,236,792</u></u>	<u><u>\$ 6,151,522</u></u>	<u><u>\$ 4,766</u></u>	<u><u>\$ 42,393,080</u></u>

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following schedule summarizes the Town's transfers for the year ended December 31, 2021:

	Transfers In General Fund
Transfers Out:	
Grants Fund	\$ 56,939
Total	<u>\$ 56,939</u>

The transfer of \$56,939 from the Grants Fund to the General Fund represents funds from grants used to fund certain public safety and general government COVID-19 costs.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 CAPITAL ASSETS

The following is an analysis of the changes in the Town's capital assets for the year ended December 31, 2021:

	Balance at December 31, 2020 as restated	Additions	Reductions	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 7,848,912	\$ -	\$ -	\$ 7,848,912
Construction in Progress	1,175,028	7,993,383	(896,394)	8,272,017
Total Capital Assets, Not Being Depreciated	9,023,940	7,993,383	(896,394)	16,120,929
Capital Assets, Being Depreciated:				
Buildings and Improvements	10,479,664	-	-	10,479,664
Infrastructure (roads, etc.)	54,726,766	1,038,301	-	55,765,067
Parks and Recreation	12,929,283	128,214	-	13,057,497
Art	100,121	-	(100,121)	-
Machinery and Equipment	656,562	37,365	(58,138)	635,789
Computers and Software	149,916	-	(11,740)	138,176
Vehicles	1,824,563	522,285	(44,562)	2,302,286
Total Capital Assets, Being Depreciated	80,866,875	1,726,165	(214,561)	82,378,479
Less Accumulated Depreciation for:				
Buildings and Improvements	(627,044)	(183,816)	-	(810,860)
Infrastructure (Roads, etc.)	(15,127,090)	(2,272,709)	-	(17,399,799)
Parks and Recreation	(982,885)	(529,033)	-	(1,511,918)
Art	(49,061)	-	49,061	-
Machinery and Equipment	(358,231)	(80,928)	39,420	(399,739)
Computers and Software	(138,191)	(9,871)	11,740	(136,322)
Vehicles	(746,529)	(279,838)	44,562	(981,805)
Total Accumulated Depreciation	(18,029,031)	(3,356,195)	144,783	(21,240,443)
Total Capital Assets Being Depreciated, Net	62,837,844	(1,630,030)	(69,778)	61,138,036
Governmental Activities Capital Assets, Net	<u>\$ 71,861,784</u>	<u>\$ 6,363,353</u>	<u>\$ (966,172)</u>	<u>\$ 77,258,965</u>

Depreciation expense for 2021 was charged to the following functions/programs:

General Government	\$ 200,906
Public Safety	121,245
Parks and Recreation	537,261
Public Works	2,496,783
Total Depreciation Expense	<u>\$ 3,356,195</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
<u>Governmental Activities:</u>					
Town:					
Direct Borrowings -					
Capital Lease-Police Vehicles	\$ 253,391	\$ -	\$ (104,048)	\$ 149,343	\$ 89,522
Promissory Note - Hartford	230,949	-	(230,949)	-	-
Promissory Note - Hartford	491,296	-	(245,648)	245,648	245,648
Certificates of Participation	7,941,800	-	(633,100)	7,308,700	664,400
Other -					
Compensated absences	172,855	41,986	-	214,841	214,841
Net Pension Liability	1,377,990	48,137	-	1,426,127	-
OPEB	162,190	35,994	-	198,184	-
Total Town	<u>10,630,471</u>	<u>126,117</u>	<u>(1,213,745)</u>	<u>9,542,843</u>	<u>1,214,411</u>
Timnath Development Authority:					
Direct Borrowings -					
Loan Payable - PNC	36,960,000	-	(3,415,000)	33,545,000	3,570,000
Loan Payable - PNC	19,300,000	-	(850,000)	18,450,000	1,450,000
Total TDA	<u>56,260,000</u>	<u>-</u>	<u>(4,265,000)</u>	<u>51,995,000</u>	<u>5,020,000</u>
Timnath Landing General Improvement District:					
Developer Advances	1,334,038	2,681,422	-	4,015,460	-
	<u>1,334,038</u>	<u>2,681,422</u>	<u>-</u>	<u>4,015,460</u>	<u>-</u>
Total	<u>\$ 68,224,509</u>	<u>\$ 2,807,539</u>	<u>\$ (5,478,745)</u>	<u>\$ 65,553,303</u>	<u>\$ 6,234,411</u>

The details of the Town's long-term obligations are as follows:

Compensated Absences: Town employees' accrued leave liability as of December 31, 2021, totaled \$214,841. See Note 2 for additional information.

Net Pension Liability: See Note 10 for information.

Other Postemployment Benefits (OPEB) Liability: See Note 11 for information.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances – Timnath Landings General Improvement District: The Town and CAC Timnath, LLC (the “Developer” entered into a certain Amended and Restates Master Subdivision Improvement Agreement for the Timnath Landing, dated October 24, 2017 (“SIA”). Pursuant to the SIA, the Town and Developer agreed to cooperate to organize a general improvement district for the purpose of reimbursing the Developer for its share of the extraordinary improvements described in the SIA and associated with the project known as Timnath Landing. The costs of organizing and administering the Timnath Landing General Improvement District (the “District”) are reimbursed to the Town on a first priority basis, followed by reimbursement of the Developer share of extra-ordinary costs. The Developer’s reimbursed share consists of the actual amount contributed by the Developer. The Developer is not entitles to interest on these reimbursed amounts.

Direct Borrowings:

Capital Lease – Police Vehicles: On October 11, 2018, the Town entered into a capital lease agreement with GM Financial to acquire one (1) police vehicle. The lease bears an annual interest rate of 5.944%, and requires an annual payment of \$14,526 starting October 11, 2018 and last payment on October 11, 2021. The vehicle is carried at \$58,105 with \$36,800 in accumulated depreciation as of December 31, 2021.

On October 29, 2019, the Town entered into a capital lease agreement with GM Financial to acquire two (2) police vehicles. The lease bears an annual interest rate of 4.77%, and requires an annual payment of \$29,701 starting November 1, 2019 and last payment on November 1, 2022. The vehicles are carried at \$118,805 with \$56,462 in accumulated depreciation as of December 31, 2021.

On August 24, 2020 the Town entered into a capital lease agreement with GM Financial to acquire one (1) police vehicle. The lease bears an annual interest rate of 4.77%, and requires an annual payment of \$11,669 starting August 24, 2020 and last payment on August 24, 2023. The vehicle is carried at \$46,677 with \$10,891 in accumulated depreciation as of December 31, 2021.

On October 21, 2020 the Town entered into a capital lease agreement with GM Financial to acquire three (3) police vehicles. The lease bears an annual interest rate of 4.16%, and requires an annual payment of \$48,152 starting October 21, 2020 and last payment on October 21, 2023. The vehicles are carried at \$192,609 with \$44,942 in accumulated depreciation as of December 31, 2021.

Events of default on behalf of the Town include (i) failure to pay any rental payment (ii) failure to perform any condition of the agreement or remedy condition after a period of 30 days after written notice (iii) make any false representation (iii) provide false or misleading statements (iv) institute bankruptcy, insolvency or reorganization proceedings.

Remedies of default from lessor include making all rental payments due and immediately payable and/or take possession of leased equipment.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings (Continued):

Promissory Notes – Hartford Investment, LLC: On January 18, 2018, the Town entered into a promissory note (Note 1) with Hartford Investment, LLC to borrow \$692,845 for the acquisition of certain property. Note 1 is payable in various annual amounts starting in January, 2019 and continuing through January, 2021 and is secured by a first lien deed of trust on the property. The annual payments bear interest at a rate of 5.0% and are subject to annual appropriation.

On December 19, 2018, The Town entered into a promissory note (Note 2) with Hartford Investment, LLC to borrow \$982,592 for the acquisition of certain property. Note 2 is payable in various annual amounts starting in December, 2019 and continuing through December, 2022 and is secured by a first lien deed of trust on the property. The annual payments bear interest at a rate of 5.0% and are subject to annual appropriation.

In the event the Town defaults, by not making payment within 10 days of due date, Hartford Investment, LLC can exercise its right to cause the Public Trustee to sell the property in satisfaction or partial satisfaction of the Note. Hartford may also demand the Town allow all action necessary to cause a disconnection of the property from the Town. If the Town breaches any agreement under the note, Hartford may exercise its option to accelerate remedy and cause all sums secured by deed of trust immediately due and payable. Interest will accrue on default principal at a rate of ten percent until paid in full.

Certificates of Participation: On July 17, 2018, the Town issued Certificates of Participation (the Certificates) totaling \$9,120,000 for construction of the new Town Center at an interest rate of 4.89% payable semi-annually on June 1 and December 1 commencing December 1, 2018. Principal related payments on the Certificates are due beginning December 1, 2019. The Certificates mature on December 1, 2030. Principal and interest payments are subject to annual appropriation.

The Certificates can be prepaid by the Town in whole, or with the consent of the Initial Purchaser, in part, and if in part on a pro rata basis within each remaining principal installment, along with accrued interest, as follows: (i) on any interest payment prior to December 1, 2023, plus any applicable yield maintenance premium, as defined by the lease purchase agreement, plus 3% of the principal redeemed (ii) on or after December 1, 2023 and prior to December 1, 2028, plus any applicable yield maintenance premium, as defined by the lease purchase agreement (iii) on or after December 1, 2028, without prepayment premium.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings (Continued):

Certificates of Participation (Continued): The occurrence of any one or more of the following events by the Town shall constitute an event of default:

- failure to pay any base or additional rentals, which have been appropriated by the Town within 5 business days after the date on which they are due;
- failure to vacate or surrender possession of the property by March 1 of any renewal term in which the Town fails to appropriate annual rental payments; or
- failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice, unless the Trustee agrees in writing to extension.

In the event of default, the Trustee may do as follows: (i) terminate the lease (ii) sell, lease or sublease the property (iii) recover from the Town any appropriated rental fees during which the Town occupies the property and will be entitled to any escrow funds related to this agreement. On December 31, 2021, the Town had \$500,377 in escrow related to this agreement.

For additional information, please see Note 18 on page 49.

Loans Payable – PNC: On April 1, 2011, the TDA entered into a loan agreement and promissory note (2011 Note) to borrow \$24,500,000 for the purpose of refunding its Variable Rate Tax Increment Revenue Bonds, Series 2007 (Refunded Bonds), fund a debt service reserve fund, and to pay the costs of issuance. The 2011 Note is a special revenue obligation payable from and secured by pledged property tax revenue, pledged sales tax revenue, and investment earnings on the funds in established accounts.

On February 10, 2012, the 2011 loan agreement was amended to loan the TDA up to a maximum of \$2,400,000. The purpose of the amendment is to provide additional funding for certain costs identified for urban renewal capital projects.

On February 26, 2014, the TDA refinanced its 2011 Note (as amended in 2012) and entered into an Amended and Restated Loan Agreement (2014 Note) to borrow \$36,725,000.

On September 29, 2015, the TDA refinanced its 2014 Note (the 2015 Loan). The 2015 Loan has a principal amount of \$50,000,000 with a fixed interest rate of 4.44% paid semi-annually on June 1 and December 1. The 2015 Loan matures on December 1, 2029. The purposes of the 2015 Loan were as follows: a) refunding of prior loan; b) funding of TDA capital projects; c) funding of Debt Service Reserve; and d) paying costs of issuance.

On November 20, 2018 the TDA issued a \$20,000,000 loan. The 2018 Loan has a fixed interest rate of 4.99% paid semi-annually on June 1 and December 1. The 2018 Loan matures on December 1, 2029. The purposes of the 2018 Loan were as follows: (a) funding of TDA capital projects; and (b) paying costs of issuance.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings (Continued)

Loans Payable – PNC (Continued): Together with the issuance of the 2018 Loan, the original 2015 Loan Agreement was combined into a new Loan Agreement (Loan Agreement) that includes both the 2015 Loan and the 2018 Loan. Per the Loan Agreement, the 2015 Loan can be prepaid by the TDA, in whole or in part along with accrued interest, as follows: (i) The 2015 Loan may not be prepaid prior to December 1, 2022 (ii) From December 1, 2022 through June 1, 2025, the 2015 Loan may be prepaid with a prepayment penalty yield maintenance fee as defined by the Loan Agreement (iii) From December 1, 2025 through June 1, 2029, the 2015 Loan may be prepaid, with no prepayment penalty. The 2018 Loan can be prepaid by the TDA, in whole or in part along with accrued interest, as follows: (i) The 2018 Loan cannot be prepaid prior to December 1, 2025 (ii) From December 1, 2025 through June 1, 2028, the 2018 Loan may be prepaid with a prepayment penalty yield maintenance fee as defined by the Loan Agreement (iii) For the interest payment dates occurring on December 1, 2028 and June 1, 2029, the 2018 Loan may be prepaid, with no prepayment penalty.

The occurrence of any one or more of the following events by the Town shall constitute an event of default:

- failure to pay the principal or interest on the loan when due;
- failure to deposit any pledged revenue as required to the lender; or
- failure to observe and perform any covenant, agreement or conditions of the note and fails to remedy any condition to the satisfaction of the lender within 45 days after the occurrence;
- failure to replenish the reserve fund to the reserve requirement;
- provide financial information to the borrower that proves to be untrue or misleading in any material aspect and shall not be corrected and communicated to lender within 30 days;
- have an outstanding final judgement in excess of \$10,000 that is unpaid 30 days following payment deadline;
- commence any bankruptcy, insolvency, reorganization or relief of debtors;
- change in financial or operating conditions that will have a materially adverse impact on the ability of the Town to generate revenues sufficient to satisfy the obligations under this agreement and fails to cure condition within 45 days;
- any funds or investments on deposit in escrow become subject to any writ, judgement, warrant or attachment;
- any determination, decision or decree by the IRS, or by any court that the interest payable on the loan is includable in the gross income for federal income tax purposes of the lender, if determination is not being appealed or contested by the Town; or
- defaults in the performance of any of the covenants, agreements or conditions of the financing documents and fails to remedy to the satisfaction of the lender within 30 days;

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings (Continued)

Loans Payable – PNC (Continued): In the event of default, the lender may accelerate and declare all amounts immediately due and will be entitled to all pledged revenue accounts held at the time of default. Pledged revenue as described in the loan document includes the revenue fund, loan payment fund, 2018 Project fund, and reserve fund. On December 31, 2021, pledged revenue account balances totaled \$6,157,928.

For additional information, please see Note 18 on page 49.

Annual debt service requirements for the Notes Payable, Certificates of Participation and Promissory Notes are as follows:

\$9,120,000 Direct Borrowing 4.89% interest rate Certificates of Participation			
<u>Year Ending December 31,</u>	Principal Due December 1	Interest Due June 1 and December 1	Total
2022	664,400	357,396	1,021,796
2023	697,300	324,906	1,022,206
2024	731,700	290,808	1,022,508
2025	767,900	255,028	1,022,928
2026	805,800	217,478	1,023,278
2027-2030	3,641,600	455,925	4,097,525
Total	<u>\$ 7,308,700</u>	<u>\$ 1,901,541</u>	<u>\$ 9,210,241</u>

\$50,000,000 Direct Borrowing 4.44% interest rate Loan Payable - PNC Bank			
<u>Year Ending December 31,</u>	Principal Due December 1	Interest Due June 1 and December 1	Total
2022	3,570,000	1,510,084	5,080,084
2023	3,735,000	1,349,375	5,084,375
2024	3,900,000	1,184,474	5,084,474
2025	4,080,000	1,005,672	5,085,672
2026	4,265,000	822,004	5,087,004
2027-2029	13,995,000	1,279,876	15,274,876
Total	<u>\$ 33,545,000</u>	<u>\$ 7,151,485</u>	<u>\$ 40,696,485</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

\$20,000,000 Direct Borrowing 4.99% interest rate Loan Payable - PNC Bank			
		Interest Due	
<u>Year Ending December 31,</u>	Principal Due December 1	June 1 and December 1	Total
2022	1,450,000	933,442	2,383,442
2023	2,045,000	860,082	2,905,082
2024	2,165,000	760,765	2,925,765
2025	2,285,000	645,312	2,930,312
2026	2,405,000	531,480	2,936,480
2027-2029	8,100,000	836,852	8,936,852
Total	<u>\$ 18,450,000</u>	<u>\$ 4,567,933</u>	<u>\$ 23,017,933</u>

\$982,592 Direct Borrowing 5.0% interest rate Promissory Note - Hartford Investments			
		Interest Due	
<u>Year Ending December 31,</u>	Principal Due December 1	December 19	Total
2022	245,648	12,282	257,930
Total	<u>\$ 245,648</u>	<u>\$ 12,282</u>	<u>\$ 257,930</u>

Operating Lease

On December 7, 2016, the Town entered into an Agreement for Lease of Real Property (Lease) with Cache La Poudre Reservoir Co. for the use of certain property within the Town. The Lease is an operating lease with a term of 15 years starting on December 7, 2016 (Original Term). At the Town's sole discretion, the lease may be extended up to two times, each extension being for a term of five years, commencing concurrently after the original term. The Lease Payment is \$110,489 per year, increased annually by CPI published by US Department of Labor/Bureau of Labor Statistics. The annual payment is due in 12 equal installments payable on or before the 15th day of the month for which such payment is due. Additionally, the Town agrees to pay up to \$10,000 annually to the lessor for the annual premium payment on lessor's insurance policy.

NOTE 8 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, capital leases, and other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2021, the Town had net investment in capital assets calculated as follows:

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 NET POSITION (CONTINUED)

Capital Assets, Net of Accumulated Depreciation	\$ 77,258,965
Long-Term Debt Related to Acquisition of Capital Assets	(59,698,691)
Unspent Proceeds of Long-Term Debt Related to Acquisition of Capital Assets	<u>6,658,302</u>
Net Investment in Capital Assets	<u><u>\$ 24,218,576</u></u>

The restricted component of net position consists of assets restricted for use by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation. The Town's restricted net position as of December 31, 2021, include the following:

Restricted Net Position:	
Emergencies (Tabor Reserve)	\$ 691,000
Conservation Trust	268,330
Grants	4,766
Capital Projects	<u>3,266,987</u>
Total Restricted Net Position	<u><u>\$ 4,231,083</u></u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital asset component and the restricted component of net position. The unrestricted component of the Town's net position as of December 31, 2021, totaled \$25,235,543.

NOTE 9 COMMITMENTS

Construction Commitments

As of December 31, 2021, the Town had unexpended commitments from major construction contracts totaling \$11,600,309 for projects at the Public Safety Building, Public Works building, Timnath Reservoir, TROC Trail, and Buss Grove Road Improvements. Of this amount, \$319,549 was recorded as retainage payable.

NOTE 10 RETIREMENT PLAN

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions.

General Information about the Pension Plan

Plan description

Eligible employees of the Town are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Benefits provided (Continued)

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions

Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the fiscal year 2021 were 8.5%.

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2021 Through <u>December 31, 2021</u>
Employer contribution rate	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the LGDTF	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	<u>1.50%</u>
Total employer contribution rate to the LGDTF	13.18%

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$358,945 for the year ended December 31, 2021.

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

At December 31, 2021 the Town reported a liability of \$1,426,127 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Town's proportion was .2736 percent, which was an increase of .0853 percent increase from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021 the Town recognized pension expense of \$296,581. At December 31, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 68,952	\$ -
Changes of assumptions or other inputs	344,639	-
Net difference between projected and actual earnings on pension plan investments	-	1,542,278
Changes in proportion and differences between contributions recognized and proportionate share of contributions	485,736	-
Contributions subsequent to the measurement date	358,945	-
Total	<u>\$ 1,258,272</u>	<u>\$ 1,542,278</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

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

\$358,945 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2022	\$ 201,201
2023	(77,941)
2024	(522,804)
2025	(243,407)
2026	-
Thereafter	-

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Actuarial assumptions (Continued)

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial Cost Method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers ¹	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	1.25%
PERA benefit structure hired after 12/31/06 ²	Financed by the AIR

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the LGDTF, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

² Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Disabled mortality assumptions for Members were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Discount Rate (Continued)

Based on the above assumptions and methods, LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 3,285,229	\$ 1,426,127	\$ (125,980)

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan

Plan description

Eligible employees of the Town are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$27,737 for the year ended December 31, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

On December 31, 2021 the Town reported a liability of \$198,184 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

On December 31, 2020, the Town's proportion was 0.0208 percent, which was an increase of .0064 percent from its proportion measured as of December 31, 2019.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

For the year ended December 31, 2021, the Town recognized OPEB income of \$8,620. At December 31, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 526	\$ 43,570
Changes of assumptions or other inputs	1,481	12,153
Net difference between projected and actual earnings on OPEB plan investments	-	8,098
Changes in proportion and differences between contributions recognized and proportionate share of contributions	90,353	-
Contributions subsequent to the measurement date	27,737	-
Total	<u>\$ 120,097</u>	<u>\$ 63,821</u>

\$27,737 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2022	\$ 6,878
2023	8,011
2024	2,412
2025	1,762
2026	8,833
Thereafter	643

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions (Continued)

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions (Continued)

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions (Continued)

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
	Entry age	Entry age	Entry age	Entry age
Actuarial cost method				
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%- 10.90%	3.40%- 11.00%	3.20%- 11.30%	2.80%- 5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions (Continued)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare	7.10%	8.10%	9.10%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part	2.50%	3.50%	4.50%
Ultimate Medicare	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 193,062	\$ 198,184	\$ 204,148

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 227,024	\$ 198,184	\$ 173,543

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12 DEFERRED COMPENSATION PLAN – ASSETS IN TRUST

The Town has a deferred compensation plan (the plan) created in accordance with Internal Revenue Code (IRC) Section 457. The plan is administered by ICMA Retirement Corporation. The plan is voluntary for all employees and allows a participant to invest a portion of their earnings tax deferred for the plan year.

NOTE 13 MAJOR TAXPAYERS

For the year ending December 31, 2021, approximately 86% of the Town's sales tax revenue was received from five taxpayers, and of those five taxpayers, two taxpayers constituted approximately 76% of the total sales tax revenue.

NOTE 14 AGREEMENTS

Timnath Development Authority

On November 10, 2004, the Town of Timnath adopted a resolution forming an Urban Renewal Authority to be known as the Timnath Development Authority (the TDA). On December 15, 2004, the Town of Timnath approved the Urban Renewal Plan which was prepared pursuant to the provisions of the Urban Renewal Law of the State of Colorado, Paragraph 1 of Article 25 of Title 31, C.R.S., as amended. The plan was modified in March of 2007 and October of 2015. The general objective of the plan was to facilitate the planning, construction, and funding of public infrastructure necessary to serve the residents of the Town and allow development within the Town, so that the Town will be financially viable for the long term.

The Urban Renewal Law allows the Town to include within its Urban Renewal Plan a provision that a portion of the incremental property taxes and municipal sales taxes collected within the Plan Area can be utilized to pay financial debts and financial obligations of the TDA. Such tax incremental revenues may be used for a period not to exceed the statutory requirement, which is presently twenty-five years after the effective date of the adoption of the plan.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14 AGREEMENTS (CONTINUED)

Timnath Development Authority (Continued)

Property tax increment (property tax TIF) represent the portion of property taxes which are produced by the levy at the rate fixed each year by or for each public body upon the valuation for assessment of taxable property in the Plan Area in excess of the amount certified on or before November 15, 2004. This amount is allocated to and, when collected, paid to the TDA to pay the principal and interest in connection with any bonds or loans of the TDA.

Sales tax increment (sales tax TIF) represents 82% of the sales taxes collected within the boundaries of the Plan Area that are in excess of the amount collected in the twelve-month period ending on February 28, 2007.

The TDA has made arrangements with certain local governments to share back a portion of the property tax TIF paid from the incremental revenues of those local governments. The TDA returns 100% of property tax TIF to certain metropolitan districts within the TDA. The TDA returns a percentage of property tax TIF to Larimer County as follows: 2007-2009 – 0%, 2010-2014 – 15%, 2015-2019 – 30%, 2020-2024 – 45%, and 2025-2029 – 60%. The TDA returns 100% of the property tax TIF derived from the Poudre Valley Fire Protection District for payment of a new fire station located within the Town (see below).

Poudre Valley Fire Protection District

On July 20, 2005, the Town entered into an intergovernmental agreement (IGA) with Poudre Valley Fire Protection District (Fire District), whereby the Town designated the Fire District as the fire service provider for the Town. The Town agreed to require landowners who seek annexation of their lands into the Town to concurrently petition to be included in the Fire District. The Fire District agreed to construct a new fire station within the Town. Prior to 2015, the TDA held all property tax TIF attributable to the Fire District in a restricted account in anticipation of an amendment of an IGA between the TDA, the Town, the Fire District, and the Poudre Fire Authority whereby the Town would remit these funds to the Fire District to help fund the construction of the new fire station. On November 18, 2015, the IGA was amended to, among other matters, clarify the sharing of property tax TIF revenues. The TDA now remits funds to the Fire District to pay capital and operating expenses associated with the fire station.

Boxelder Basin Regional Stormwater Authority

Boxelder Basin Regional Stormwater Authority (BBRSA) was formed by an intergovernmental agreement in 2008 for the purpose of funding and implementing regional stormwater improvements. BBRSA members include the City of Fort Collins, the Town of Wellington, and Larimer County. The TDA is a financial partner pursuant to a separate intergovernmental agreement with BBRSA.

Regional stormwater projects, with a final total cost of \$12,171,499 (including the cost of the project acquisition settlement), have been completed. BBRSA has received low interest loans from the Colorado Water Conservation Board (CWCB) that can be used for property acquisition, design, and construction of these regional stormwater projects. The TDA, the

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 AGREEMENTS (CONTINUED)

Boxelder Basin Regional Stormwater Authority (Continued)

City of Fort Collins, and Larimer County have also entered into a related agreement to fund a portion of the costs associated with improvements at County Road 52. The parties have agreed to share equally the cost of these improvements with the final total costs being \$1,801,381.

In 2009, the Town and the City of Fort Collins entered into an intergovernmental agreement, of which one of the items addressed is the Boxelder Split Flow floodplain through the Town. In 2014, a sixth amendment to this agreement was signed to fund projects on the west side of Interstate 25 that, in conjunction with the BBRSA projects, would remove the floodplain from the Town. The Town and the City of Fort Collins have agreed to share equally the cost of these improvements, which are completed with the final shared costs being \$4,000,000.

Boxelder Basin “B” Dams

In the early 1900’s, a number of major floods along the Boxelder Creek watershed lead to the construction of 5 floodwater retardation structures (called B-2 thru B-6) to the north and west of Wellington in the 1970s and 80s. The structures were funded by multiple agencies, including the USDA Natural Resources Conservation Service (NRCS), with maintenance the responsibility of the North Poudre Irrigation Company (NPIC).

In 2013, the NRCS and State Engineers Office determined that due to development downstream, the dams were raised from “Significant” to “High” hazard class, and therefore did not meet current safety requirements. The NRCS and NPIC started a study of the dams and what improvements would be needed to bring them into compliance. Around 2018, NPIC notified BBRSA that they could not fund the required improvements, and that if funding could not be found, they were prepared to breach the dams as required by NRCS. As breaching the dams would cause the improvements (below B-2 thru B-6) just completed by BBRSA to become irrelevant, and negate the floodplain in reductions thru all communities, the members of the BBRSA formed a separate workgroup in 2019 to review the NRCS findings and come up with a solution to fix the dams.

The State Engineer’s Office also recently changed the State’s Dam Safety Rules, which impacts the findings by the NRCS in 2009. The Town along with Larimer County, City of Fort Collins, and Town of Wellington, are currently working with the State Engineer’s office to apply the new rules to the “B” dam structures, to determine what improvements are now required. The study is continuing on all of the structures to determine a final solution, with input and concurrence from the State.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14 AGREEMENTS (CONTINUED)

Lower Poudre Augmentation Plan

On October 13, 2020, the Town entered into an agreement with the Lower Poudre Augmentation Company to enter the two wells at the Timnath Reservoir into the Lower Poudre Augmentation Plan. The terms of the agreement stipulate that the Town will pay an up-front fee for a proportional share of costs incurred by the Lower Poudre Augmentation Company for the development of the augmentation decree. In addition, the Town agrees to pay court proceeding fees associated with the final decree. Annual fees will be paid by the Town for legal and engineering associated with the Plan, costs of obtaining permits, metering and monitoring and all other administration and operation of the Plan, including expenses related to purchase and/or lease of water rights or structures and purchase of construction of capital improvements to operate the Plan.

City of Fort Collins – I-25 Interchange

On May 20, 2019, the Town entered into an intergovernmental agreement with the City of Fort Collins (Fort Collins), related to the reconstruction of the interchange at Interstate Highway 25 and Prospect Road. The interchange is owned by the State of Colorado and the Colorado Department of Transportation (CDOT) estimates the total cost of the interchange project to be \$31,000,000, of which CDOT is funding \$12,000,000. CDOT asked Fort Collins to fund the remaining \$19,000,000, of which the Town's portion is \$2,500,000 or approximately 13% of the project based on estimated current volumes of traffic and long-term growth. During 2019, Fort Collins issued Certificates of Participation (COPs) for a term of 20 years related to the project. To repay its portion of the COPs, the Town will make annual payments starting in March, 2020 through 2039 of \$168,346 to Fort Collins.

Timnath Landing General Improvement District

On December 10, 2019, the Town entered into an intergovernmental agreement with the Timnath Landing General Improvement District (GID) wherein the Town agrees to loan to the GID sums of money not to exceed \$50,000 per year for five years, up to \$250,000 for the GID's annual operating costs. The GID agrees to reimburse the Town for such advances prior to any advances to be reimbursed to the GID's Developer.

NOTE 15 CONTINGENCIES

The Town has been named in threatened litigations or claims. The ultimate outcome/resolution of the matters are not known at this time. The Town is monitoring the progress of these matters and has referred them to the Town's Attorney for consultation and representation. Claims are insured and representation is provided by Colorado intergovernmental Risk Sharing Agency.

NOTE 16 RISK MANAGEMENT

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, liability, and workers' compensation coverage to its members. CIRSA is governed by a seven-member Board elected by and from its members.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 16 RISK MANAGEMENT (CONTINUED)

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Settled claims have not exceeded insurance coverage in the last three years.

NOTE 17 TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. The Town voters approved an election question to remove limits on the amount of revenue the Town is allowed to collect, spend, and retain.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2021, the Town reserved \$691,000 of the General Fund's fund balance in accordance with this requirement. Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Town'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 18 SUBSEQUENT EVENTS

On April 19, 2022 the TDA refunded the two loans payable with PNC. No additional debt was incurred. The terms include an interest rate reduction to 3.9%, non-callable, and will mature on December 1, 2029.

On April 19, 2022 the Town refunded the certificates of participation and entered into a new lease purchase agreement with UMB Bank. No additional debt was incurred. The terms an interest rate reduction to 3.9%, non-callable, and will mature on November 15, 2030.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 19 PRIOR YEAR RESTATEMENT

Subsequent to the audit being issued for the fiscal year ended December 31, 2020, an accounting adjustment was made to reduce the Town's asset value by \$7,941,439.

- A Public Private Partnership agreement in 2014 called for land and onsite infrastructure improvements of \$7,900,458 to be paid by the Town for the development to be complete. The Town recorded ownership of these assets, however these improvements were conveyed to the development, therefore resulting in a restatement.
- During a review of infrastructure assets, a traffic signal asset with a net book value of \$40,981 was found to be non-existent. The signal was removed during a construction project in 2017.

The result of this restatement is a reduction in Net Position – Net Investment in Capital Assets of \$7,941,439, a reduction of non-depreciable capital assets of \$3,916,240 and a reduction in depreciable capital assets of \$4,025,199 for the year ended December 31, 2020. Prior year comparative schedules in the Management Discussion and Analysis, beginning net position on the Statement of Activities, and Note 6 reflect this change.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property Tax	\$ 288,879	\$ 288,879	\$ 288,067	\$ (812)
Specific Ownership Tax	72,500	72,500	68,847	(3,653)
Sales Tax	3,090,000	3,090,000	3,242,044	152,044
Motor Vehicle Sales Tax	796,300	796,300	1,043,503	247,203
Lodging Tax	750	750	1,114	364
Building Materials Use Tax	1,684,029	1,684,029	2,777,013	1,092,984
Total	5,932,458	5,932,458	7,420,588	1,488,130
Intergovernmental:				
1/4 Cent Sales Tax	283,300	283,300	356,843	73,543
Highway Users Tax (HUTF)	175,116	175,116	231,633	56,517
Conservation Trust Fund	52,400	52,400	59,695	7,295
Cigarette Tax	19,600	19,600	28,856	9,256
Severance Tax	18,436	18,436	6,612	(11,824)
County Road and Bridge Shareback	20,776	20,776	11,500	(9,276)
Motor Vehicle Registration Fees	19,800	19,800	24,175	4,375
SRO Program - Poudre School District	10,000	10,000	10,839	839
Town of Windsor reimbursement	5,000	5,000	-	(5,000)
Capital - Transfer from TDA	9,113,628	9,113,628	4,695,651	(4,417,977)
Intergovernmental - Transfer from TDA	6,933,464	6,933,464	7,566,024	632,560
Total	16,651,520	16,651,520	12,991,828	(3,659,692)
Licenses, Fees and Charges:				
Sales and Use Tax and Business License Fees	1,500	1,500	47,050	45,550
Liquor License Fees	375	375	150	(225)
Building Permit Fees	1,584,029	1,584,029	1,947,072	363,043
Annexation Fees	-	-	31,732	31,732
Community Development Fees	16,500	16,500	27,895	11,395
Administrative Fees	283,200	283,200	585,361	302,161
Impact Fees and In-Lieu Fees	2,737,241	2,737,241	4,497,431	1,760,190
Contract Reimbursements	2,310,940	2,310,940	3,266,582	955,642
Developer Chargebacks	358,340	358,340	311,731	(46,609)
Other Licenses, Fees and Charges	20,000	20,000	22,699	2,699
Total	7,312,125	7,312,125	10,737,703	3,425,578
Franchise Fees	298,000	298,000	330,352	32,352
Fines and Forfeitures	30,000	30,000	112,065	82,065
Net Investment Income	150,000	150,000	10,894	(139,106)
Capital Asset Sale	-	-	24,177	24,177
Town Annual Event Sponsorships	25,000	25,000	-	(25,000)
Other Revenues	110,000	110,000	529,254	419,254
Total Revenues	30,509,103	30,509,103	32,156,861	1,647,758

See independent auditors' report.

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
Town Council Expenditures	\$ 6,000	\$ 6,000	2,647	\$ 3,353
Town Administration - Salaries and Benefits	981,922	1,210,012	1,136,606	73,406
Town Clerk - Elections	5,000	5,000	2,321	2,679
County Treasurer and Other Fees	42,000	42,000	60,720	(18,720)
Dues and Memberships	6,100	9,510	14,869	(5,359)
Finance - Contracted	25,000	20,000	2,100	17,900
Human Resources - Contracted	60,000	60,000	60,471	(471)
Information Technology - Contracted	85,000	85,000	112,557	(27,557)
Information Technology - Hardware and Software	85,339	90,339	90,691	(352)
Legal - Contracted	330,400	105,400	75,251	30,149
Legal - Contracted - Out of Scope	50,000	15,000	5,962	9,038
Legal - Contracted - Special Counsel	100,000	100,000	17,970	82,030
Audit	20,000	20,000	20,000	-
Consulting	55,000	71,000	69,596	1,404
Cyber Security Audit	15,000	15,000	-	15,000
Insurance	185,000	185,000	194,695	(9,695)
General Office and Administration	427,000	424,500	309,027	115,473
Town Events	500,000	500,000	359,383	140,617
Community Engagement	131,000	131,000	99,247	31,753
Economic Development	16,500	16,500	23,669	(7,169)
Meetings, Committees and Recognition	-	5,000	7,363	(2,363)
Bad Debt	-	-	257	(257)
IGA - Timnath Landing GID	50,000	50,000	4,226	45,774
Other	75,001	85,001	86,289	(1,288)
Total	3,251,262	3,251,262	2,755,917	495,345
Municipal Court:				
Municipal Judge	3,500	3,500	2,730	770
Legal	13,200	13,200	13,240	(40)
Translator	1,000	1,000	-	1,000
Defendant Counsel	5,000	5,000	-	5,000
Jail Services	1,000	1,000	-	1,000
Supplies and Printing	1,000	1,000	331	669
Total	24,700	24,700	16,301	8,399
Community Development:				
Salaries and Benefits	355,416	355,416	231,853	123,563
Planning - Contracted	595,812	565,812	535,488	30,324
Building Services Contracted	1,140,501	1,140,501	1,403,237	(262,736)
Master Planning Studies	267,000	267,000	49,043	217,957
Consulting	16,000	16,000	-	16,000
Code Enforcement - Contracted	-	-	10,595	(10,595)
Development Review - Engineering	231,000	231,000	229,575	1,425
Development Review - Planning	143,000	143,000	131,165	11,835
Development Review - Legal	63,000	63,000	31,808	31,192
General Office and Administration	29,500	29,500	24,489	5,011
Other	14,800	14,800	12,839	1,961
Total	2,856,029	2,826,029	2,660,092	165,937

See independent auditors' report.

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Public Safety:				
Salaries and Benefits	\$ 2,167,240	\$ 2,167,240	1,765,218	\$ 402,022
General Office and Administration	34,420	34,420	23,744	10,676
Equipment	99,316	99,316	147,870	(48,554)
Contracted Services	123,715	123,715	97,101	26,614
Vehicle Maintenance	46,600	46,600	45,603	997
Vehicle Lease Payments	236,556	236,556	103,779	132,777
Training	61,800	61,800	23,961	37,839
Other	93,460	93,460	60,217	33,243
Total	2,863,107	2,863,107	2,267,493	595,614
Public Works:				
Salaries and Benefits	609,817	609,817	585,177	24,640
Public Works Director - Contracted	217,124	217,124	216,129	995
General Engineering - Contracted	258,311	288,311	278,746	9,565
General Engineering - Contracted - Out of Scope	80,000	10,000	4,816	5,184
Utility Locates - Contracted	35,000	4,000	2,378	1,622
Mosquito Control	45,000	40,000	33,300	6,700
Weed Control	55,000	55,000	29,022	25,978
Grading	30,000	15,000	-	15,000
Vehicles - Repairs and Maintenance	460,000	630,000	606,012	23,988
Materials	40,000	40,000	8,859	31,141
Equipment Rentals	3,000	3,000	120	2,880
Snow P low ing	27,000	27,000	28,695	(1,695)
Street Sw eeping	15,000	15,000	1,308	13,692
Street Lighting	140,000	117,000	111,620	5,380
Signal Maintenance	27,000	21,000	18,849	2,151
Drainage	15,000	5,000	-	5,000
Road Maintenance/Resurfacing	375,000	375,000	303,567	71,433
Landscape Maintenance	70,000	70,000	69,950	50
Tree Care	15,000	15,000	12,178	2,822
Street Signs	12,000	12,000	8,810	3,190
Street Striping	100,000	100,000	77,775	22,225
Boxelder ESDF	57,143	57,143	-	57,143
Other	57,000	47,000	56,149	(9,149)
Total	2,743,395	2,773,395	2,453,460	319,935
Parks and Recreation:				
Salaries and Benefits	238,965	238,965	127,405	111,560
Park Maintenance	436,300	436,300	306,945	129,355
Reservoir Lease	133,153	133,153	122,063	11,090
Future 80 Acre Community Park	5,000	5,000	-	5,000
Poudre River Trail Contribution	150,000	150,000	-	150,000
Timnath Community Park	50,000	50,000	2,492	47,508
Poudre River Trailhead Park	20,000	20,000	2,790	17,210
Timnath Reservoir Trail and Park	2,000,000	2,000,000	1,658,453	341,547
TROC Trail	800,000	800,000	641,592	158,408
Water Rights and Non-Potable System	665,000	665,000	524,962	140,038
Total	4,498,418	4,498,418	3,386,702	1,111,716

See independent auditors' report.

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Debt Service:				
Certificates of Participation - Principal	\$ 633,100	\$ 633,100	633,100	\$ -
Certificates of Participation - Interest	388,354	388,354	388,354	-
Total	1,021,454	1,021,454	1,021,454	-
Capital Outlay:				
Roads and Utilities				
Bethke School Zone	55,000	55,000	-	55,000
Buss Grove-Landings to Latham Parkway	5,000,000	5,000,000	3,293,259	1,706,741
Timnath Landings Traffic Signal	500,000	500,000	-	500,000
Parkway from Buss Grove North to Main	50,000	50,000	-	50,000
4th Street Pedestrian Improvements	25,000	25,000	-	25,000
Main Street Buss Grove to Prospect	1,500,000	1,500,000	-	1,500,000
Railroad Crossing Improvements - Main	-	-	3,678	(3,678)
Parkway Improvements	100,000	100,000	330	99,670
Prospect - I-25 Interchange Participation	168,346	168,346	168,346	-
Weitzel Street - Walmart Traffic	600,000	600,000	-	600,000
Railroad Crossing Improvements - Three Bell	200,000	200,000	151,996	48,004
Weitzel Street Improvements	4,175,000	4,175,000	-	4,175,000
Buildings and Equipment	-	-		
Public Safety Facility	4,060,000	4,060,000	1,180,366	2,879,634
Public Works/Town Administration Building	900,000	900,000	709,061	190,939
Stormwater				
Regional Stormwater Improvements	275,000	275,000	2,650	272,350
Community/Vision Projects	3,089,078	3,089,078	3,367,814	(278,736)
Total	20,697,424	20,697,424	8,877,500	11,819,924
Total Expenditures	37,955,789	37,955,789	23,438,919	14,516,870
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(7,446,686)	(7,446,686)	8,717,942	16,164,628
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	15,800	15,800	56,939	41,139
Total Other Financing Sources (Uses)	15,800	15,800	56,939	41,139
NET CHANGE IN FUND BALANCES	(7,430,886)	(7,430,886)	8,774,881	16,205,767
Fund Balances - Beginning of Year	25,894,758	25,894,758	27,461,911	1,567,153
FUND BALANCES - END OF YEAR	\$ 18,463,872	\$ 18,463,872	36,236,792	\$ 17,772,920

See independent auditors' report.

**TOWN OF TIMNATH
TIMNATH DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
TIF - Property Tax	\$ 7,681,726	\$ 7,668,954	\$ (12,772)
TIF - Sales Tax	7,330,000	7,379,944	49,944
Net Investment Income	25,000	25,649	649
Total Revenues	<u>15,036,726</u>	<u>15,074,547</u>	<u>37,821</u>
EXPENDITURES			
Miscellaneous	273,000	233,367	39,633
Debt Service:			
Loan Interest	2,640,262	2,640,262	-
Loan Principal	4,265,000	4,265,000	-
Capital Outlay:			
Road, Utilities, Other (Transfer to Town)	9,113,628	4,695,651	4,417,977
Boxelder - BBRSA IGA	920,000	342,751	577,249
Intergovernmental - Transfer to Town	6,933,464	7,566,024	(632,560)
Total Expenditures	<u>24,145,354</u>	<u>19,743,055</u>	<u>4,402,299</u>
NET CHANGE IN FUND BALANCE	(9,108,628)	(4,668,508)	4,440,120
Fund Balance - Beginning of Year	<u>10,633,628</u>	<u>10,820,030</u>	<u>186,402</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,525,000</u></u>	<u><u>\$ 6,151,522</u></u>	<u><u>\$ 4,626,522</u></u>

See independent auditors' report.

TOWN OF TIMNATH
REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)
YEAR ENDED DECEMBER 31, 2021

Schedule of the Town's Proportionate Share of the Net Pension Liability

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability	0.273662120%	0.188406783%	0.1774954816%	0.1691158986%	0.1435433988%	0.1024182994%	0.0967741114%
Town's proportionate share of the net pension liability	\$ 1,426,127	\$ 1,377,990	\$ 2,231,496	\$ 1,882,987	\$ 1,938,325	\$ 1,128,221	\$ 867,395
Town's covered-employee payroll	\$ 1,256,997	\$ 1,189,966	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278	\$ 414,377
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	113.5 %	115.8 %	209.2 %	216.4 %	333.2 %	212.8 %	209.3 %
Plan fiduciary net position as a percentage of the total pension liability	90.88 %	86.26 %	75.96 %	79.37 %	73.60 %	76.90 %	80.70 %

Schedule of Town Contributions

	2021	2020	2019	2018	2017	2016	2015
Town's contractually required contribution	\$ 358,945	\$ 162,455	\$ 150,888	\$ 135,277	\$ 110,323	\$ 73,754	\$ 67,239
Town's contributions in relation to the contractually required contribution	358,945	162,455	150,888	135,277	110,323	73,754	67,239
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 2,719,283	\$ 1,256,997	\$ 1,189,966	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278
Town's contributions as a percentage of covered employee payroll	13.2%	12.9%	12.7%	12.7%	12.7%	12.7%	12.7%

Note: Information for years prior to 2014 are not available.

See independent auditors' report.

TOWN OF TIMNATH
REQUIRED SUPPLEMENTARY INFORMATION (OPEB)
YEAR ENDED DECEMBER 31, 2021

Schedule of the Town's Proportionate Share of the OPEB Liability

Fiscal Year	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Town's proportion of the net OPEB liability	0.0208565790%	0.0144297158%	0.01375444646%	0.0131410766%	0.0110188996%
Town's proportionate share of the net OPEB liability	\$ 198,184	\$ 162,190	\$ 187,108	\$ 170,781	\$ 142,864
Town's covered-employee payroll	\$ 1,256,419	\$ 1,189,968	\$ 1,066,853	\$ 870,055	\$ 581,656
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.77 %	13.63 %	17.54 %	19.63 %	24.56 %
Plan fiduciary net position as a percentage of the total OPEB liability	32.78 %	24.49 %	17.03 %	17.53 %	16.72 %

Schedule of OPEB Contributions and Related Ratios

	2020	2020	2019	2018	2017
Town's contractually required contribution	\$ 27,737	\$ 12,815	\$ 12,138	\$ 10,882	\$ 8,875
Town's contributions in relation to the contractually required contribution	27,737	12,815	12,138	10,882	8,875
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 2,719,283	\$ 1,256,997	\$ 1,189,966	\$ 1,066,853	\$ 870,055
Town's contributions as a percentage of covered employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%

Note: Information for years prior to 2016 are not available.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**TOWN OF TIMNATH
COMBINING BALANCE SHEET – NON-MAJOR FUNDS
DECEMBER 31, 2021**

	Grants	Special Revenue- Timnath Landing GD	Capital Projects Timnath Landing GD	Total Non-Major Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ 4,766	\$ -	\$ -	\$ 4,766
Total Assets	<u>\$ 4,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,766</u>
FUND BALANCES				
Restricted	4,766	-	-	4,766
Total Fund Balances	<u>4,766</u>	<u>-</u>	<u>-</u>	<u>4,766</u>
Total Liabilities, Deferred Inflow s of Resources, and Fund Balances	<u>\$ 4,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,766</u>

See independent auditors' report.

TOWN OF TIMNATH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2021

	Grants	Special Revenue - Timnath Landing GID	Capital Projects - Timnath Landing GID	Total Non-Major Governmental Funds
REVENUES				
Other Revenues	\$ -	\$ 7,032	\$ -	\$ 7,032
Grants	56,081	-	-	56,081
Total Revenues	56,081	7,032	-	63,113
EXPENDITURES				
General and Operating:				
General Government	-	6,068	-	6,068
Contract Reimbursement	-	-	2,681,422	2,681,422
Total Expenditures	-	6,068	2,681,422	2,687,490
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,081	964	(2,681,422)	(2,624,377)
OTHER FINANCING SOURCES (USES)				
Developer Advances	-	-	2,681,422	2,681,422
Transfers In (Out)	(56,939)	-	-	(56,939)
Total Other Financing Sources (Uses)	(56,939)	-	2,681,422	2,624,483
NET CHANGE IN FUND BALANCES	(858)	964	-	106
Fund Balances - Beginning of Year, as restated	5,624	(964)	-	4,660
FUND BALANCES - ENDING OF YEAR	<u>\$ 4,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,766</u>

See independent auditors' report.

TOWN OF TIMNATH
SPECIAL REVENUE FUND – TIMNATH LANDING GID
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Timnath Landing Parkway	897,624	1,579,528	1,579,528	-
Harmony Road Future Costs	377,104	664,463	664,463	-
Boxelder Floodplain	248,248	437,431	437,431	-
Total Expenditures	<u>1,522,976</u>	<u>2,681,422</u>	<u>2,681,422</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,522,976)	(2,681,422)	(2,681,422)	-
OTHER FINANCING SOURCES (USES)				
Developer Advances	<u>1,522,976</u>	<u>2,681,422</u>	<u>2,681,422</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,522,976</u>	<u>2,681,422</u>	<u>2,681,422</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**TOWN OF TIMNATH
SPECIAL REVENUE FUND – TIMNATH LANDING GID
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Other Revenue	\$ 50,000	\$ 7,032	\$ (42,968)
Total Revenues	50,000	7,032	(42,968)
EXPENDITURES			
Accounting	25,000	1,820	23,180
Audit	3,900	3,900	-
Legal Services	20,000	348	19,652
Miscellaneous	1,100	-	1,100
Total Expenditures	50,000	6,068	43,932
NET CHANGE IN FUND BALANCE	-	964	964
Fund Balance - Beginning of Year	-	(964)	(964)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**TOWN OF TIMNATH
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 5,800	\$ 57,601	\$ 56,081	\$ (1,520)
Other Grants	10,000	10,000	-	(10,000)
Total Revenues	<u>15,800</u>	<u>67,601</u>	<u>56,081</u>	<u>(11,520)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,800	67,601	56,081	(11,520)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(15,800)</u>	<u>(73,225)</u>	<u>(56,939)</u>	<u>16,286</u>
Total Other Financing Sources (Uses)	<u>(15,800)</u>	<u>(73,225)</u>	<u>(56,939)</u>	<u>16,286</u>
NET CHANGE IN FUND BALANCE	-	(5,624)	(858)	4,766
Fund Balance - Beginning of Year	<u>-</u>	<u>5,624</u>	<u>5,624</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,766</u></u>	<u><u>\$ 4,766</u></u>

See independent auditors' report.

**TOWN OF TIMNATH
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

	\$50,000,000		\$9,120,000	
	PNC Bank		Certificates of Participation	
	Refunding and Improvement Loan		PNC Bank	
	Dated September 29, 2015		Dated July 17, 2018	
	Interest Rate - 4.44%		Interest Rate - 4.89%	
	Interest Payable June 1 and December 1		Interest Payable June 1 and December 1	
Year Ending	Principal Due December 1		Principal Due December 1	
December 31,	Principal	Interest	Principal	Interest
2022	3,570,000	1,510,084	664,400	357,396
2023	3,735,000	1,349,375	697,300	324,906
2024	3,900,000	1,184,474	731,700	290,808
2025	4,080,000	1,005,672	767,900	255,028
2026	4,265,000	822,004	805,800	217,478
2027	4,460,000	630,008	845,600	178,074
2028	4,660,000	430,410	887,400	136,725
2029	4,875,000	219,458	931,200	93,331
2030	-	-	977,400	47,795
Total	<u>\$ 33,545,000</u>	<u>\$ 7,151,485</u>	<u>\$ 7,308,700</u>	<u>\$ 1,901,541</u>

	\$20,000,000		\$982,592	
	PNC Bank		Promissory Note - Hartford	
	2018 Improvement Loan		Dated December 19, 2018	
	Dated November 20, 2018		Interest Rate - 5.0%	
	Interest Rate - 4.99%		Interest Rate - 5.0%	
	Interest Payable June 1 and December 1		Principal & Interest Due December 19	
Year Ending	Principal Due December 1		Principal & Interest Due December 19	
December 31,	Principal	Interest	Principal	Interest
2022	1,450,000	933,442	245,648	12,282
2023	2,045,000	860,082	-	-
2024	2,165,000	760,765	-	-
2025	2,285,000	645,312	-	-
2026	2,405,000	531,480	-	-
2027	2,540,000	409,804	-	-
2028	2,710,000	282,068	-	-
2029	2,850,000	144,980	-	-
2030	-	-	-	-
Total	<u>\$ 18,450,000</u>	<u>\$ 4,567,933</u>	<u>\$ 245,648</u>	<u>\$ 12,282</u>

See independent auditors' report.

**TOWN OF TIMNATH
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

Year Ending December 31,	\$192,609 2020 Chevy Police Vehicles Utility Vehicle (3 units) Dated October 21, 2020 Interest Rate - 4.16%		\$46,677 2020 Chevy Police Vehicle Vehicle (1 unit) Dated August 24, 2020 Interest Rate - 4.77%	
	Principal	Interest	Principal	Interest
2022	44,383	3,769	10,630	1,039
2023	46,229	1,923	11,138	531
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
Total	<u>\$ 90,612</u>	<u>\$ 5,692</u>	<u>\$ 21,768</u>	<u>\$ 1,570</u>

Year Ending December 31,	\$118,805 2019 GMC Police Vehicles Utility Vehicles (2 units) Dated October 29, 2019 Interest Rate - 4.77%		Total
	Principal	Interest	
2022	28,349	1,352	8,832,774
2023	-	-	9,071,484
2024	-	-	9,032,747
2025	-	-	9,038,912
2026	-	-	9,046,762
2027	-	-	9,063,486
2028	-	-	9,106,603
2029	-	-	9,113,969
2030	-	-	1,025,195
Total	<u>\$ 28,349</u>	<u>\$ 1,352</u>	<u>\$ 73,331,932</u>

See independent auditors' report.

**TOWN OF TIMNATH
SCHEDULE OF DETAILED CAPITAL ASSETS
DECEMBER 31, 2021**

Assets Name	Year of Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
<u>Land</u>				
Land	2011 & Prior	\$ 1,651,146	-	\$ 1,651,146
Land - Riverbend Lots	2012	828,000	-	828,000
Land - (Artisan Market)	2017	1,956,350	-	1,956,350
Land - Fewell	2018	1,265,434	-	1,265,434
Land - North KM Farm	2018	1,223,558	-	1,223,558
Land - South KM Farm	2018	924,424	-	924,424
Total Land		7,848,912	-	7,848,912
Construction in Progress				
4th Street Pedestrian Improvements	2017	2,165	-	2,165
Parkway Improvements	2018	23,182	-	23,182
Bethke School Zone	2018	3,146	-	3,146
Main Street Bus - Grove to Prospect	2019	15,490	-	15,490
Public Safety Facility	2019	1,495,564	-	1,495,564
Public Works/Town Admin Building	2019	753,576	-	753,576
Timnath Reservoir Trail and Park	2019	1,788,879	-	1,788,879
TROC Trail	2019	698,999	-	698,999
Weitzel Street Extension to CR 5	2020	18,149	-	18,149
Bus - Grove-Landings to Latham Parkway	2020	3,439,681	-	3,439,681
Poudre River Trailhead Park	2020	7,571	-	7,571
Railroad Crossing - Main Street	2021	3,678	-	3,678
Timnath Community Park	2021	2,492	-	2,492
Regional Stormwater Improvements	2020	19,445	-	19,445
Total Construction in Progress		8,272,017	-	8,272,017
Total Capital Assets, Not Being Depreciated		16,120,929	-	16,120,929
Capital Assets, Not Being Depreciated:				
<u>Buildings and Improvements</u>				
Old Town Building	1969	164,640	(114,148)	50,492
Public Works Building	2008	1,431,606	(224,519)	1,207,087
4201 Main Street	2017	497,030	(105,619)	391,411
House - 4th Street	2018	309,744	(54,206)	255,538
Town Center Building	2019	7,681,054	(264,570)	7,416,484
Main Street Property	2019	395,590	(47,798)	347,792
Total Buildings		10,479,664	(810,860)	9,668,804
Infrastructure				
Roads and Bridges	2012 & Prior	22,817,815	(11,716,693)	11,101,222
Harmony Road	2013	2,138,371	(705,664)	1,432,707
Harmony Bridge Improvements	2013	66,166	(23,821)	42,345
Harmony Road Phase IIA	2014	247,578	(60,279)	187,299
Retailer Off-site Improvements	2014	1,794,474	(502,454)	1,292,020
Retailer Soft Costs	2014	631,891	(176,930)	454,961
Landscaping	2015	10,000	(4,667)	5,333
Riverbend Road	2015	2,216,385	(576,259)	1,640,126
Off-site Sewer (Old Town)	2015	3,634,888	(919,073)	2,615,815
Main Street Traffic Circle - landscaping	2016	28,488	(10,446)	18,042
Road overlay/Replace asphalt - various roads	2016	266,286	(97,637)	168,649
Riverbend Road - landscaping	2017	138,851	(41,665)	97,186
Harmony Road - Phase III	2017	2,180,935	(363,489)	1,817,446
Harmony Road - Phase III - paid by TDA	2017	5,600,000	(933,333)	4,666,667
Signage and monumentation	2017	65,180	(18,105)	47,075
Summerfield Parkway Ditch Crossing	2018	1,254,806	(219,591)	1,035,215
Timnath Trail Drive Improvement	2018	171,526	(20,563)	150,963
Main Street Railroad Crossing	2018	31,340	(8,367)	22,973
Old Town Improvements (Combined)	2019	4,390,873	(365,906)	4,024,967
Harmony Road & Latham at CR1	2019	313,099	(31,310)	281,789
Fewell Infrastructure	2019	447,529	(104,423)	343,106
Old Town Parking Lot	2019	148,466	(66,810)	81,656
Harmony Road Widening PH I/	2020	5,902,042	(413,143)	5,488,899
Railroad Crossing - Threes Bell	2020	481,773	(19,271)	462,502
Not Potable System	2021	886,305	-	886,305
Total Infrastructure		55,765,067	(17,399,799)	38,365,268

See independent auditors' report.

TOWN OF TIMNATH
SCHEDULE OF DETAILED CAPITAL ASSETS (CONTINUED)
DECEMBER 31, 2021

Assets Name	Year of Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2021
<u>Parks and Recreation:</u>				
Poudre Trail/Park	2013	390,805	(140,689)	250,116
Reservoir/Fencing	2013	43,773	(24,075)	19,698
Wildwing Park Landscaping	2013	113,535	(63,075)	50,460
Poudre River Trail - Regional - Design, Corridor, etc.	2015	321,883	(104,611)	217,272
Harmony Bridge Sculpture	2017	148,587	(40,448)	108,139
Poudre River Trailhead Park	2017	435,926	(72,654)	363,272
Portable Stage	2017	138,595	(23,561)	115,034
General Trail Improvements	2017	208,946	(35,521)	173,425
Wildwing Park (additional phase)	2017	309,868	(51,645)	258,223
Timnath South Reg. Park - Phase I	2018	4,135,396	(496,248)	3,639,148
Timnath Reservoir Trail & Park - Phase I	2018	1,552,545	(201,830)	1,350,715
General Trail Improvements	2020	181,394	(9,674)	171,720
Timnath South Regional Park	2020	4,948,030	(247,401)	4,700,629
Baseline Switch for Community Park	2021	14,576	(486)	14,090
Wildwing Sidewalk	2021	113,638	-	113,638
Total Parks and Rec		13,057,497	(1,511,918)	11,545,579
<u>Machinery and Equipment</u>				
Police radios	2008	12,374	(12,374)	-
2 Radios and all supplies	2009	6,596	(6,596)	-
Emergency equipment for Explorer	2013	9,854	(9,854)	-
Radar for Explorer	2013	2,014	(2,014)	-
Radio for Explorer	2013	3,877	(3,877)	-
Hydraulic power unit	2013	8,555	(7,629)	926
Big Tex trailer	2013	5,175	(4,572)	603
Speeding signs	2015	22,433	(22,433)	-
Equipment installed in police car	2015	14,003	(14,003)	-
PS - Riverbend Fire Station Emergency Signal	2016	183,232	(100,778)	82,454
PS - Radios for Ford vehicle	2016	15,768	(15,768)	-
PW - Trailer	2016	9,295	(5,190)	4,105
PW - J. Deere 1600 Turbo Mower	2016	51,853	(19,013)	32,840
PW - Dakota 410 Overhydraulic Machine	2016	11,718	(6,445)	5,273
PK - John Deere mower	2017	19,286	(9,001)	10,285
Radios for PW	2016	14,520	(14,520)	-
Generator for Goodman	2016	67,590	(67,590)	-
PW - Walker Mower	2018	23,474	(9,194)	14,280
PW - John Deere 1575 Terrain Cut Mower	2018	20,068	(7,191)	12,877
PW - Kois Brothers Deicer	2018	57,111	(34,267)	22,844
Variable message boards	2019	29,228	(12,178)	17,050
Tilt Trailer	2020	10,400	(1,647)	8,753
Atlas Air Compressor	2018	18,500	(11,100)	7,400
Mower for Community Park	2021	10,105	(1,850)	8,255
Big Tex trailer	2021	8,760	(655)	8,105
Total Machinery & Equipment		635,789	(399,739)	236,050
<u>Computers and Equipment</u>				
Laserfiche System	2007	12,625	(12,625)	-
Liberty Recording System	2007	5,024	(5,024)	-
Caselle Financial System	2012	51,650	(51,650)	-
2 police laptops	2013	10,758	(10,758)	-
Website upgrade	2014	17,651	(17,651)	-
Website upgrade	2015	4,670	(4,670)	-
Website upgrade	2017	10,108	(8,254)	1,854
GIS Software	2018	25,690	(25,690)	-
Total Computers/Software		138,176	(136,322)	1,854

See independent auditors' report.

TOWN OF TIMNATH
SCHEDULE OF DETAILED CAPITAL ASSETS (CONTINUED)
DECEMBER 31, 2021

Assets Name	Year of Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2021
<u>Vehicles</u>				
2004 Chevy Pickup Truck	2007	10,000	(10,000)	-
2013 Ford Crown Victoria	2008	12,420	(12,420)	-
2002 International Truck (w/plow)	2011	40,000	(40,000)	-
2012 John Deere 6430 Tractor	2012	62,458	(40,946)	21,512
2014 Ford Interceptor	2013	29,900	(29,900)	-
2005 International Truck (w/plow)	2015	85,000	(85,000)	-
2016 Ford Explorer	2015	28,247	(28,247)	-
PW - J.Deere Prognator - Tractor/Canopy/Etc.	2016	28,877	(10,588)	18,289
2016 Ford Interceptor	2016	47,825	(47,825)	-
2016 Ford Interceptor	2016	47,825	(47,825)	-
2016 Ford Interceptor	2016	47,825	(47,825)	-
2017 Dodge RAM 3500	2017	68,606	(65,175)	3,431
2017 Ford Interceptor	2017	45,334	(41,557)	3,777
2018 Chevy Tahoe	2018	58,105	(36,800)	21,305
2018 Dodge Ram 3500	2019	47,271	(27,574)	19,697
2019 International 7600	2019	309,500	(165,067)	144,433
PW-Spreader attached to 2019 Dump Truck	2020	34,387	(12,609)	21,778
2019 Chevy Tahoe	2019	59,403	(26,731)	32,672
2019 Chevy Tahoe	2019	59,403	(26,731)	32,672
Dodge 3500 Crew Cab 4x4	2020	50,993	(17,848)	33,145
Dodge 2500 Crew Cab 4x4	2020	46,796	(16,379)	30,417
M6 Sweeper	2020	262,485	(83,119)	179,366
JD1600 Turbo Series III Mower	2020	58,057	(5,805)	52,252
2020 Chevy Tahoe	2020	64,203	(14,981)	49,222
2020 Chevy Tahoe	2020	64,203	(14,981)	49,222
2020 Chevy Tahoe	2020	64,203	(14,981)	49,222
2020 Chevy Silverado	2020	46,677	(10,891)	35,786
2021 Dodge Ram with Dump Bod and Snow Pkg	2021	93,330	-	93,330
John Deere 6145M Tractor	2021	141,000	-	141,000
2022 International HV513 Plow Truck	2021	287,955	-	287,955
Total Vehicles		2,302,286	(981,805)	1,320,481
Total Capital Assets Being Depreciated		82,378,479	(21,240,443)	61,138,036
Total Capital Assets		<u>\$ 98,499,408</u>	<u>\$ (21,240,443)</u>	<u>\$ 77,258,965</u>

See independent auditors' report.

**TOWN OF TIMNATH
SCHEDULE OF IMPACT FEES
YEAR ENDED DECEMBER 31, 2021**

<u>Impact Fee</u>	<u>Balance at December 31, 2020</u>	<u>Impact Fees Collected* in 2021</u>	<u>Impact Fees Used in 2021</u>	<u>Balance at December 31, 2021</u>
Parks	\$ 2,676,492	\$ 1,976,339	\$ 1,386,960	\$ 3,265,871
Police	560,051	356,251	916,302	-
Stormwater	906,385	302,396	2,651	1,206,130
Public Buildings	1,337,745	432,826	367,845	1,402,726
Transportation	3,645,620	1,094,885	-	4,740,505
Total	<u>\$ 9,126,293</u>	<u>\$ 4,162,697</u>	<u>\$ 2,673,758</u>	<u>\$ 10,615,232</u>

*Includes interest allocation

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Timnath	
		YEAR ENDING : December 2021	
This Information From The Records Of Town of Timnath		Prepared By: Dezire Sanchez Phone: 970-224-3211	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	4,158,324
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,263,903
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	130,469
2. General fund appropriations	948,951	b. Snow and ice removal	560,926
3. Other local imposts (from page 2)	2,205,675	c. Other	0
4. Miscellaneous local receipts (from page 2)	37,236	d. Total (a. through c.)	691,395
5. Transfers from toll facilities		4. General administration & miscellaneous	228,810
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	6,342,432
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes	4,157,994	1. Bonds:	
d. Total (a. + b. + c.)	4,157,994	a. Interest	0
7. Total (1 through 6)	7,349,856	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	255,807	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	7,605,663	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	168,346
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	6,510,778

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,645,620	7,605,663	6,510,778	4,740,505	0

Notes and Comments:
The 2021 Beginning Balance does not reconcile to the 2020 Ending Balance. Transporation Impact Fees were previously reported as used. The audited financial statements report theses as committed fund balance and therefore reported as such on this report.

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	1,559
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	1,043,503	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	1,093,325	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	24,177
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	68,847	g. Other Misc. Receipts	0
6. Total (1. through 5.)	2,205,675	h. Other	11,500
c. Total (a. + b.)	2,205,675	i. Total (a. through h.)	37,236
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	231,633	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	24,174	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	24,174	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	255,807	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities	709,061		709,061
(2). Capacity Improvements	3,293,259		3,293,259
(3). System Preservation			0
(4). System Enhancement & Operation	156,004	0	156,004
(5). Total Construction (1) + (2) + (3) + (4)	4,158,324	0	4,158,324
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	4,158,324	0	4,158,324
			(Carry forward to page 1)

Notes and Comments: