TOWN OF TIMNATH, COLORADO

2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

PREPARED BY THE FINANCE DEPARTMENT

TOWN OF TIMNATH, COLORADO
ANNUAL COMPREHENSIVE FINANCIAL STATEMENT AUDIT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025
TABLE OF CONTENTS, *continued*

TABLE OF CONTENTS, *continued*

TABLE OF CONTENTS, *continued*

INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

List of Principal Officials

Elected Town Council

Town Organizational Chart

July 28, 2026

Mayor Axmacher, Members of Town Council, and the Residents of the Town of Timnath:

We are pleased to present the Annual Comprehensive Financial Report of the Town of Timnath, Colorado for the year ended December 31, 2025. Town staff have worked diligently to prepare this report, and we are committed to promoting financial transparency, accountability, and compliance with accounting standards.

ABOUT THIS REPORT

The Town's Annual Comprehensive Financial Report (Financial Report) was prepared by the Finance Department of the Town of Timnath (the Town). The Financial Report represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all Town funds and financial transactions. The Town assumes full responsibility for the completeness and reliability of the information contained in the report.

The Town of Timnath has established a comprehensive internal control framework designed to protect the Town's assets from loss, theft, or misuse and compile sufficient reliable information to prepare the Town's financial statements. Because the costs of internal controls should not outweigh the benefits, the Town's internal control framework is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To our knowledge, the enclosed information is complete and reliable in all material respects.

An introduction, overview, and analysis, referred to as the "Management's Discussion and Analysis" (MD&A), accompanies the basic financial statements. Please read the MD&A in conjunction with this letter of transmittal, as it is intended to complement it. The MD&A immediately follows the independent auditors' report in the Financial Section.

This Financial Report includes all activities for which the Town Council is accountable to the Town constituents, financially or by state statute. All applicable funds and departments are included in the financial statements as part of the "primary government" of the Town of Timnath. Also, the Town has two legally separate entities that have significant operational or financial relationships with the Town. These include the Timnath Development Authority and the Timnath Landings General Improvement District. The Town's financial statements also incorporate these entities.

INDEPENDENT AUDIT

Colorado law requires that the Town's financial statements within the Financial Report be audited by an independent firm of certified public accountants licensed to practice in Colorado. The auditors' report must be submitted to the Government Finance Officers Association within six months after the fiscal year's close, and to the State, within seven months. Due to unforeseen circumstances, the Town received an extension to file the audit with the State.

The Adams Group LLC has audited the Town's 2025 financial statements and issued an unmodified (clean) opinion on the Town's financial statements for the year ended December 31, 2025. This type of opinion indicates that the audited financial statements are free from material misstatement. The independent auditors' report is in front of this report's Financial Section.

PROFILE OF THE TOWN

The Town was incorporated on June 29, 1920. The Town became a home rule municipality on November 7, 2006, through an electoral vote. The Town operates under a Council-Manager form of government. The elected Town Council consists of the mayor and four Council Members. The Town Council, including the mayor, serve four-year staggered terms. The Town Manager is the Town's chief executive officer, responsible for overall management and administration of the Town.

Location and Demographics. The Town of Timnath is located within northern Colorado and is within the eastern boundaries of Larimer County, with a western boundary of I25, in the northern part of the State. With a population of just over 11,000, the Town offers small-town charm with big-city access. The surrounding major cities include Windsor, Fort Collins, and Loveland. The Town is within 60 miles of Denver as well as Cheyenne, Wyoming.

The Town features beautiful parks, safe neighborhoods, a quaint downtown, and welcoming community events. Nestled along the front range, the Town is near many recreational areas including Rocky Mountain National Park, several trails along the Poudre River and is home to the Timnath Reservoir where town residents and visitors have boating, fishing, and day-use access.

Town Services. The Town provides essential municipal services to the citizens of Timnath under the direction of the Town Manager. The Town operates its own police department, parks and recreation programs, municipal court, street operations, planning, engineering, and building.

Other services, such as fire, utilities, and library services, are provided through Special districts. The Poudre Fire District provides fire and emergency services to the community. The

Poudre Library provides library drop-off book receptacles at Town Hall. Town residents can visit the library branch in Fort Collins.

Website. For additional information on the Town's services, the community should visit the website at www.timnath.org where extensive information about the Town is available. Visitors to the site can access information on council meetings, development activity, budgets, financial statements, sales tax information, purchasing solicitations, job postings, and much more.

Budgeting. The council adopts a budget annually for all governmental funds. The Town conducts periodic citizen surveys to understand the community's needs and perceptions of Town services. The Town Council uses this data to determine their strategic priorities for the budget.

The Finance staff prepares financial and revenue forecasts for the budget. Concurrently, each Department submits proposed budgets including personnel, operating, and capital budgets reflecting the Town Council strategic priorities.

Per the Town Charter, the total of proposed expenditures and provision for contingencies shall not exceed the total of estimated revenues and reserves. Except as otherwise provided by the Charter, the proposed budget must be prepared in accordance with the Town charter, state statutes establishing local government budget laws and the local government uniform accounting laws. A public hearing is required and two readings of applicable budget ordinances, followed by a majority "yes" vote by Town Council present with at least a quorum in attendance adopts the budget, setting the appropriation for the year at the fund level. Any supplemental appropriations must be approved by the Town Council using the same procedures as when the budget was first adopted.

Local Economy. The Town has seen significant population growth over the past 10 years. Even in a market where interest rates are high, the Town continues to see a high demand for residential buildings. The number of households within the Town increased by 84% between 2020 and 2024. During 2025 an additional 171 new residential building permits were issued. The median home price at the end of 2025 was $730,000, a 7% increase over 2024. The Town has not increased its property tax mill levy since 2006. The current mill levy of 6.688 has remained since 2016.

The primary source of revenue for the Town continues to be sales tax. Five retailers in Town make up 79% of the Town's total sales tax base. With more commercial acreage along the State's major interstate of I-25 that was annexed in 2023, the Town will see diversification and strengthening of the Town's sales tax base in future years.

LONG-TERM FINANCIAL PLANNING

The Town utilizes a five-year projection model annually that forecasts revenues and expenditures as well as available fund balance to ensure the financial resiliency of the Town. Departments forecast personnel, operating, and capital expenditures. The finance staff prepares projections of available revenue and fund balance over the same five-year timeframe. This projection is used during the budget preparation process and presented to the Town Council as key decisions are made around the expenditure of funds. The Town is also continuously monitoring its long-term debt obligations that coincide with the timing of the expiration of the Timnath Development Authority.

MAJOR INITIATIVES

The Town has many projects underway that are a result of citizen input and the Town's strategic plan. Below are some of the highlighted activities from 2025.

Broadband. In August 2023, the Town Council approved allocating funding to bring high-speed internet services to its residents through other municipal and county partnerships. The Town also approved an intergovernmental agreement with the City of Loveland Pulse as a partner to provide broadband services to the Town. The Town invested $9.2 million in 2025 and has appropriated $4 million in 2026 in addition to allocating $6.5 million in future years towards this project.

Timnath Parkway. This major capital infrastructure project establishes a new north–south arterial corridor designed to ease traffic, improve safety, and support multimodal transportation in Timnath's growing areas while maintaining accessibility to Old Town. The Town has invested $9.9 million in the project with construction beginning in 2024 and anticipated completion in 2025.

Recreation Center. During 2025, the Town completed a recreation center feasibility study. Town Council subsequently approved placing a ballot measure before voters to fund the design, construction, operation, and maintenance of a recreation center. The measure, which authorized a 1.25% increase in sales and use tax, was approved by the electorate. In May 2026, the Town issued Certificates of Participation to finance the design and construction of the facility.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2024. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of

Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

The preparation of this Annual Comprehensive Financial Report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. Additionally, we extend our gratitude to all other departments and Town employees for their cooperation and assistance in matters relating to the financial affairs of the Town and the preparation of this report. Finally, we want to thank the Mayor and Town Council and Finance Committee for their continued support.

Respectfully submitted,

Lisa Gagliardi, CGFM
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Timnath
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

TOWN OF TIMNATH, COLORADO
LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2025

Town Council

Elected Officials	**Term Expires**
Robert Axmacher, Mayor	November, 2028
Jeramie Holt	November, 2028
Bill Jenkins	November, 2028
Lisa Laake	April, 2026
Luke Wagner	November, 2030

Appointed Officials

Appointed Officials	**Position**
Aaron Adams	Town Manager
Carolyn Steffl *(contracted)*	Town Attorney
Stewart Olive	Municipal Court Judge

Executive Leadership Team

As of December 31, 2025

Director	**Position**
Tom Casal	Parks & Recreation Director
Lisa Gagliardi	Finance Director
Laurie Scott	Police Chief
Milissa Peters-Garcia	Town Clerk
Scott Robinson	Community Development Director
Justin Stone	Public Works Director

TIMNATH TOWN COUNCIL

(As of 12/31/2025)

Robert Axmacher

Mayor

Luke Wagner

Mayor Pro Tem

Lisa Laake

Council Member

Jeramie Holt

Council Member

Bill Jenkins

Council Member

TIMNATH ORGANIZATIONAL CHART
(As of 12/31/2025)

FINANCIAL SECTION

Independent Auditor’s Report

Management’s Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Other Financial Schedules

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Timnath
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, 2025, 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 of Timnath, Colorado, as of December 31, 2025, 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.

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 Auditors' 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.

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.

6000 Greenwood Plaza Blvd. · Ste. 115 · Greenwood Village, CO 80111 · 303-733-3796 · www.tagcpaco.com

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.

Auditors' 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 auditors' 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, budgetary comparison schedules, the local highway finance report, and other schedules as listed in the table of contents 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, budgetary comparison schedules, the local highway finance report, and other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Adams Group, LLC

Greenwood Village, Colorado
July 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Town of Timnath (Town) for the year ended December 31, 2025. Readers are encouraged to read the MD&A in conjunction with the basic financial statements and notes to the financial statements contained in this report.

Financial Highlights

- The Town's assets totaled $162.8 million on December 31, 2025 consisting of $107.1 million in capital assets, $25.0 million in restricted cash and investments, $14.6 million in unrestricted cash and investments, and $16.1 million in receivables. Total assets increased by $3.0 million (2%) from the previous fiscal year.
- The Town's liabilities totaled $47.2 million on December 31, 2025 consisting of $38.8 million in long-term debt, $3.8 million in pension and OPEB liabilities, $2.0 million in lease and subscription-based technology agreement liabilities, $2.6 million in accounts payable and other liabilities. Total liabilities decreased by $8.0 million (14%) from the previous fiscal year.
- The assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by $103.7 million at the close of fiscal year 2025.
- The Town's governmental funds reported combined ending fund balances of $39.3 million at the close of the fiscal year. Of this amount, $5.6 million is restricted for debt service, urban renewal revitalization, and emergencies.
- Total net position increased by $9.2 million or 10%, mainly attributable to the increase charges for services of $795 thousand (9%), sales and use taxes of $473 thousand (3%), and tax increment financing of $706 thousand (6%). The increases in revenues are offset by the increase in expenses of $5.3 million (18%) when compared to prior year. Expense increases are attributable to capital improvements for infrastructure.

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 statements are designed to provide readers with a broad overview of the Town's finances using accounting methods like a private-sector business.

The *Statement of Net Position* presents information on all Town assets, liabilities and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. To assess the overall health of the Town, additional non-financial factors such as changes in the Town's property tax base relative to growth and the diversification of the Town's sales tax base must be considered.

The *Statement of Activities* presents information on how the Town's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event, giving rise to the change regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused paid time off) and as such, are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the *Statement of Net Position* and the *Statement of Activities* distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*). The *Governmental Activities* of the Town include general government, community development, highways and streets, parks and recreation, and public safety.

Fund Financial Statements

A *fund* is a grouping of related accounts that are 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. Governmental funds are used to account for 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 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 fund accounting method to the government-wide statements.

The Town maintains eight governmental funds in two categories between major and non-major. The major funds of the Town are the General Fund, the Capital Improvement fund, the Capital Expansion fund, and the Timnath Development Authority (TDA) Fund, which is a blended component unit. The non-major funds include the Parks and Recreation Fund, the Debt Service fund, and the General Improvement District special revenue and capital projects fund. Each fund has an annually adopted appropriated budget by the Town council for the General and all other major and non-major funds, by the Timnath Development Authority board for the TDA fund, and by the Timnath Landing General Improvement District board for the two general improvement district funds. A budgetary comparison schedule for each fund has been provided within this report as required supplementary and supplementary information to demonstrate compliance with the budget.

<u>Notes to Financial Statements</u>

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 starting on page 36 of this report.

Statement of Net Position

Net position serves as a useful indicator of a government's financial position. The Town has continued to see assets exceeding liabilities. At the close of fiscal year 2025, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $103.7 million.

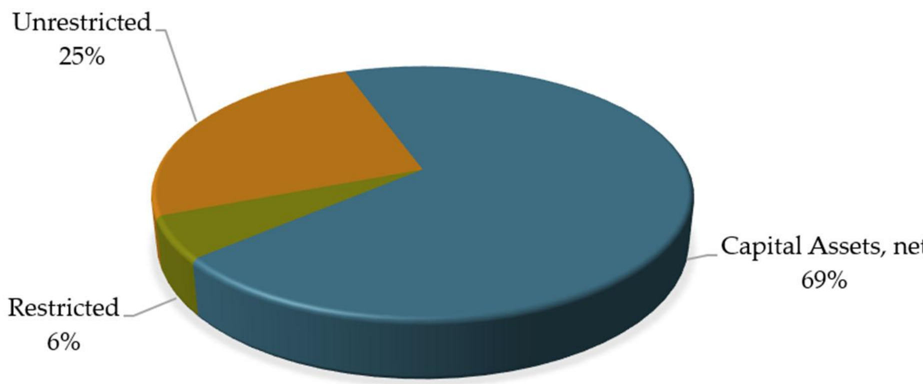
By far the largest portion of the town's net position (69%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt outstanding used to acquire those assets. The town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Restricted net position of 6% 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, debt service, and urban renewal revitalization). The remaining 25% of the Town's net position is unrestricted and may be used to meet the Town's future expenditures. As of December 31, 2025, the Town had positive balances in all three categories of net position. Below is the combined net position of the Town of Timnath on December 31, 2025, and 2024 as follows.

Statement of Net Position
(in thousands)

	Governmental Activities		Total $	Total %
	2025	2024	of Change	of Change
Current and other assets	$ 55,743	$ 55,048	$ 695	1%
Capital assets	107,105	104,824	2,281	2%
Total assets	162,848	159,872	2,976	2%
Deferred outflows of resources	2,141	2,456	(315)	-13%
Long-term liabilities	44,605	51,612	(7,007)	-14%
Other liabilities	2,629	3,575	(946)	-26%
Total liabilities	47,234	55,187	(7,953)	-14%
Deferred inflows of resources	14,041	12,627	1,414	11%
Net position:				
Net Investment in capital assets	71,903	61,768	10,135	16%
Restricted for:				
Emergencies (TABOR)	703	697	6	1%
Parks and open space (Conservation Trust)	-	625	(625)	-100%
Capital projects	-	2,559	(2,559)	-100%
Debt service	1,639	2,298	(659)	100%
Urban renewal revitalization	3,290	-	3,290	100%
Unrestricted	26,179	26,567	(388)	-1%
Total net position	$ 103,714	$ 94,514	$ 9,200	10%

Classification of Net Position for Year Ended 2025



Statement of Activities
Changes in Net Position
(in thousands)

	Governmental Activities 2025	Governmental Activities 2024	Total $ of Change	Total % of Change
Revenues				
Program Revenues:				
Charges for services	$ 9,847	$ 9,052	$ 795	9%
Operating grants and contri	989	452	537	119%
Capital grants and contribut	10	232	(222)	-96%
General revenues:				
Property tax	704	719	(15)	-2%
Sales & use tax	17,744	17,271	473	3%
Tax increment financing	11,851	11,145	706	6%
Franchise	465	448	17	4%
Other taxes	111	251	(140)	-56%
Investment earnings	1,734	2,352	(618)	-26%
Total revenues	43,454	41,922	1,532	4%

Statement of Activities
Changes in Net Position
Continued
(in thousands)

	Governmental Activities 2025	2024	Total $ of Change	Total % of Change
Expenses				
Governmental activities:				
General government	5,400	5,989	(589)	-10%
Community development	2,165	2,280	(115)	-5%
Highways and streets	16,034	9,112	6,922	76%
Parks and recreation	3,867	5,038	(1,171)	-23%
Public safety	5,085	4,590	495	11%
Interest on long-term debt	1,704	1,966	(262)	-13%
Total expenses	34,254	28,975	5,279	18%
Change in net position	9,200	12,947	(3,747)	-29%
Net position - beginning	94,514	81,567	12,947	16%
Net position - ending	$ 103,714	$ 94,514	$ 9,200	10%

Governmental activities in the net position increased by $9.2 million (10%) during the current fiscal year. Several key highlights of the *Statement of Activities* for the fiscal year are as follows:

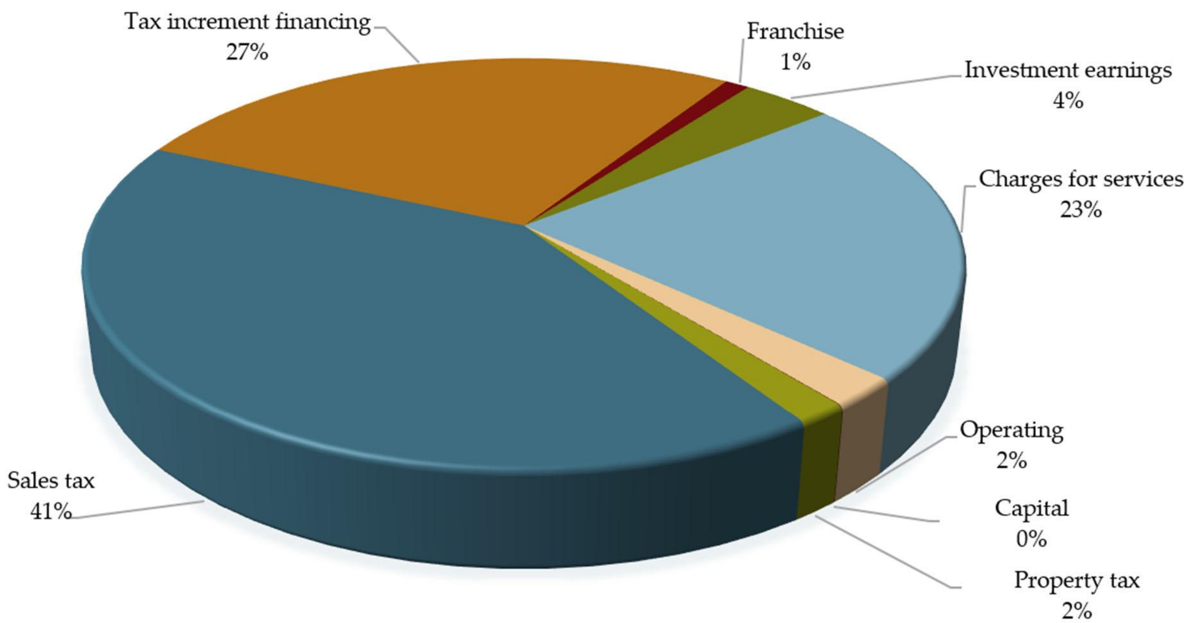
- Charges for services increased by 795 thousand (9%) from the prior fiscal year. Charges for services include building permits and impact fees. The increase was primarily driven by strong activity in building permits and impact fees associated with development growth.

- Sales and use tax revenues increased by $473 thousand (3%), and tax increment financing increased by $706 thousand (6%), reflecting overall growth in taxable sales driven by increased activity from local and online retailers as well as higher consumer prices.

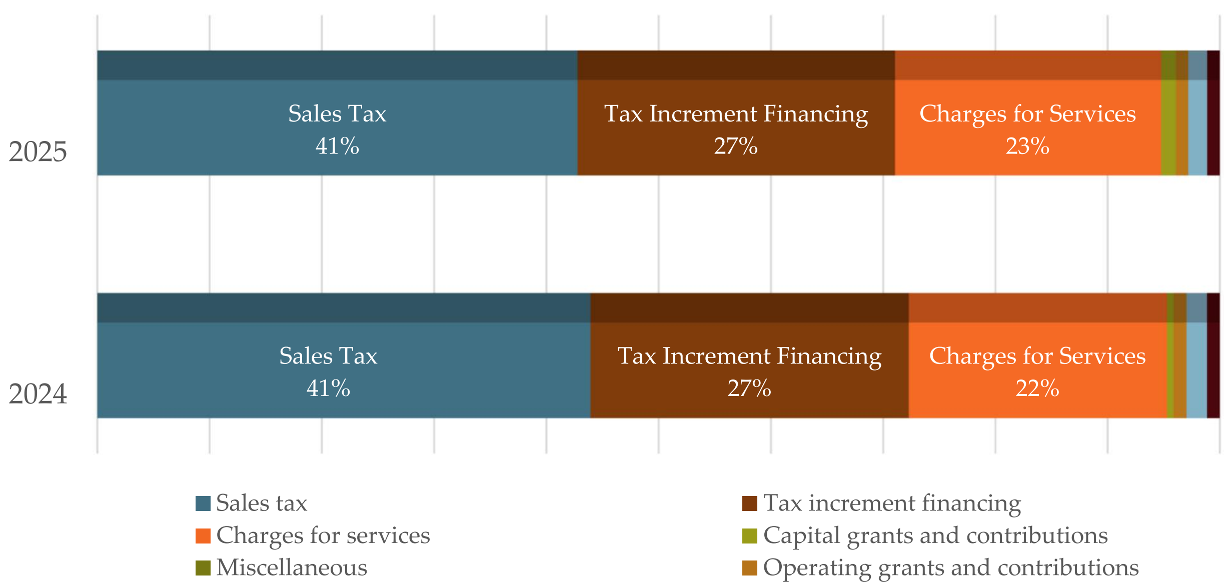
- Expenses increased by 18% compared to the prior year related to capital projects in highways and streets for the Pulse broadband project.

The revenues in the following pie chart include all program and general revenues for governmental activities including sales taxes, property taxes, franchise taxes, charges for services, operating and capital grants/contributions, and miscellaneous revenues. Sales taxes continue to be the major source of revenue for the Town's governmental activities.

Revenues by Source – Governmental Activities



% of Total Revenue Comparison – Governmental Activities



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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. 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 $39.3 million. Of this amount, $2.1 million constitutes unassigned fund balances, which are available for spending at the Town's discretion.

<u>General Fund</u>

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, committed and assigned fund balance of the General Fund was $9.9 million and restricted was $706 thousand out of a total fund balance of $12.8 million.

The fund balance of the Town's General Fund decreased by $23.7 million during the current fiscal year due to transfers to establish new major and non-major fund balances compared to the prior year. The new funds track activity specific to parks and recreation, capital expenditures, impact fees, and debt service payments.

<u>Timnath Development Authority (TDA) Fund</u>

The TDA Fund reported a fund balance of $4.9 million, which is restricted to future debt service payments and capital improvement expenditures. The fund increased by $2.4 million related to developer reimbursements of $702 thousand, property taxes of $11.8 million, net of sharebacks, and additional investment earnings.

<u>Other Governmental Funds</u>

Other governmental funds include the following major and nonmajor funds:

- **Capital Improvements Fund** – Accounts for resources restricted or committed for the acquisition, construction, and improvement of the Town's capital assets and infrastructure.
- **Capital Expansion Fund** – Accounts for revenues derived from development-related fees and other sources that are restricted for growth-related capital expansion projects.
- **Debt Service Fund** – Accounts for the accumulation of resources for, and the payment of, principal and interest on the Town's long-term obligations.
- **Parks and Recreation Fund** – Accounts for revenues and expenditures associated with the operation and maintenance of parks, recreational programming, and the reservoir.

- **Timnath Landing General Improvement District (GID) Funds** – Include special revenue and capital project funds used to account for district-specific revenues and expenditures related to infrastructure, operations, and improvements within the Timnath Landing GID.

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.

The original General Fund budget for as of December 31, 2025 was $50.5 million. There was one supplemental budget appropriation and several miscellaneous transfers to the originally adopted budget in the General Fund. The supplemental budget reduced the change in fund balance by $1.1 million to account for anticipated additional transfers needed for establishment of new funds. Other transfers were for various town needs and within the General Fund departments and did not require a supplemental budget hearing. The budget transfers reallocated specific line items for previously unanticipated expenditures.

Actual revenues fell short of the final budget by $526 thousand, primarily due to lower than anticipated development activity. Expenditures were under the final budget by $2.0 million, largely attributable to mid-year staffing vacancies, project timing, and cost controls. As a result, the General Fund generated a favorable variance of $700 thousand, resulting in an ending fund balance of $12.8 million, and the Town remained in compliance with its adopted working fund balance policy of 25% of current-year expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2025, the Town invested $107.1 million in capital assets, net of depreciation and amortization as reflected in the following table that demonstrates a net increase (additions, deductions and depreciation/amortization) of $2.3 million in the year.

Capital Assets, Net of Accumulated Depreciation and Amortization

(in thousands)

	Governmental Activities			
	2025	2024	Total $ of Change	Total % of Change
Land and easements	$ 7,545	$ 7,545	$ -	0%
Construction in progress	4,141	21,108	(16,967)	-80%
Buildings and improvements	23,272	23,544	(272)	-1%
Infrastructure	43,255	35,211	8,044	23%
Parks and recreation	23,778	13,414	10,364	77%
Vehicles and equipment	3,021	1,724	1,297	75%
Right-to-use leased assets	1,515	2,115	(600)	-28%
Right-to-use subscription assets	579	163	416	255%
Capital assets, net	$ 107,105	$ 104,824	$ 2,280	2%

The following table reconciles the change in capital assets for the fiscal year. Expenditures on construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects completed during the fiscal year.

Change in Capital Assets

(in thousands)

	Governmental Activities	
	2025	2024
Beginning balance	$ 104,824	$ 91,941
Additions	28,817	18,846
Reductions and transfers	(21,637)	(1,633)
Depreciation/Amortization	(4,899)	(4,330)
Ending balance	$ 107,105	$ 104,824

Additional information on the Town's capital assets can be found in Note 5 on pages 50 and 51 of the report.

<u>Debt Outstanding</u>

As of December 31, 2025, the Town and TDA had $38.2 million in outstanding long-term debt; a decrease from the prior year by $7.1 million due to debt repayments. More detailed information about the Town's long-term debt obligations can be found in Note 8, beginning on page 54.

Outstanding Long-term Debt Obligations as of December 31, 2025

(in thousands)

	Governmental Activities 2025	Governmental Activities 2024	Total $ of Change	Total % of Change
Urban Renewal Redevelopment Loans (TDA)	28,765	$ 35,130	$ (6,365)	-18.1%
Certificate of Participation - Town Hall	4,447	5,215	(768)	-14.7%
Developer Advances (GID)	4,953	4,953	-	0.0%
Total	$ 38,165	$ 45,298	$ (7,133)	-15.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town Council approved and adopted the 2026 budget on December 9, 2025 appropriating $90.5 million in expenditures, with $33.7 million allocated to the general fund, $6.2 million allocated to the debt service fund, $2.8 million allocated to the parks and recreation fund, $36.5 million allocated to the capital improvements fund, $5.2 million allocated to the community center fund, and $6.1 million allocated to the capital expansion fees funds. The objective of the budget is to be fiscally responsible by ensuring forecasted revenues exceed operational costs, with restricted reserve funds being utilized for capital projects and maintaining an adequate working capital reserve.

The 2026 appropriation includes $36.5 million in capital outlay for roads, buildings, and parks and recreation. Major capital projects include approximately $19 million for parks and recreation initiatives—highlighted by the commencement of construction on a new community recreation center—and $17 million for road improvements.

The community recreation center is a $98 million project, partially funded through a dedicated 1.25% sales and use tax approved by voters in the November 2025 election, with the Town planning to issue $90 million in certificates of participation to support construction.

Road-related projects include the CR 5 bridge and road widening, Timnath Parkway improvements from Buss Grove to Main Street, continued expansion of broadband services within the Town, and improvements at WildWing Park.

The TDA has an appropriated total of $23.5 million, including $7.8 million in debt service payments, and $14.2 million transfers to the Town, related to TDA capital project costs anticipated to be completed during 2025 and excess sales tax.

The Town has shown resilience in forecasted revenue as commercial and residential development continues to grow. Although the Town is experiencing some inflationary pressures related to the cost of services, materials and labor, there is also more development on the horizon that will increase sales and use tax as well as property taxes.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives and expends. Questions about this report, or if additional financial information is needed, can be directed to the Finance Director of the Town of Timnath located at 4750 Signal Tree Drive, Timnath, Colorado 80547.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Activities

Combining Financial Statements

Notes to Basic Financial Statements

TOWN OF TIMNATH, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2025

		Governmental Activities
ASSETS		
Cash and Investments	$	14,571,790
Restricted cash and investments		24,975,103
Prepaid items		141,348
Receivables:		
Property taxes		13,920,660
Sales tax		1,505,355
Other		628,762
Capital assets, not being depreciated:		
Land and easements		7,545,208
Construction in process		4,141,419
Capital assets, net of accumulated depreciation and amortization:		
Buildings and improvements		23,271,627
Infrastructure		43,254,696
Parks and recreation		23,777,739
Vehicles and equipment		3,020,516
Right to use lease assets, net of amortization		1,514,622
Right to use subscription-based asset, net of amortization		578,805
TOTAL ASSETS		162,847,650
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension		1,891,369
Related to other post employment benefits (OPEB)		249,527
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,140,896
LIABILITIES		
Accounts payable		1,155,034
Retainage payable		5,471
Deposits payable		300,824
Accrued wages payable		452,363
Other liabilities		600,754
Accrued interest payable		114,657
Noncurrent liabilities:		
Lease obligations, due within one year		109,976
Lease obligations, due in more than one year		1,517,918
Subscription-based-technology obligations, due within one year		195,650
Subscription-based-technology obligations, due in more than one year		160,131
Long-term obligations, due within one year		8,113,062
Long-term obligations, due in more than one year		25,736,600
Developer advances, due in more than one year		4,952,676
Net pension liability, due in more than one year		3,595,910
Net OPEB liability, due in more than one year		222,801
TOTAL LIABILITIES		47,233,827
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes		13,920,660
Related to other post employment benefits (OPEB)		120,364
TOTAL DEFERRED INFLOWS OF RESOURCES		14,041,024
NET POSITION		
Net investment in capital assets		71,903,084
Restricted for:		
Emergencies (TABOR)		703,000
Debt service		1,638,843
Urban renewal revitalization		3,289,949
Unrestricted		26,178,819
TOTAL NET POSITION	$	103,713,695

TOWN OF TIMNATH, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Change in Net Position
FUNCTION / PROGRAM	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	$ 5,399,787	$ 1,735,040	$ 27,518	$ 9,507	$ (3,627,722)
Community development	2,164,751	2,924,130	-	-	759,379
Highways and streets	16,034,463	2,157,140	424,746	-	(13,452,577)
Parks and recreation	3,866,797	2,791,494	537,116	-	(538,187)
Public safety	5,084,608	238,723	-	-	(4,845,885)
Interest on long-term debt	1,703,715	-	-	-	(1,703,715)
TOTAL GOVERNMENTAL ACTIVITIES	$ 34,254,122	$ 9,846,527	$ 989,380	$ 9,507	(23,408,708)

GENERAL REVENUES	
Taxes / Fees:	
Sales and Use	17,744,195
Tax increment financing (TIF)	11,850,666
Franchise	464,509
Property, levied for general purposes	703,503
Other	111,419
Investment earnings	1,733,905
TOTAL GENERAL REVENUES	32,608,197
CHANGE IN NET POSITION	9,199,489
NET POSITION - beginning	94,514,206
NET POSITION - ending	$ 103,713,695

The notes to the basic financial statements are an integral part of this statement.

TOWN OF TIMNATH, COLORADO
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Capital Improvement Fund	Capital Expansion Fund	Timnath Development Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 11,995,419	$ 261,821	$ 13,523	$ -	$ 2,301,027	$ 14,571,790
Restricted cash and investments	716,160	-	19,294,280	4,955,430	9,233	24,975,103
Prepaid items	141,348	-	-	-	-	141,348
Receivables:				-		
Property taxes	774,562	-	-	13,018,964	127,134	13,920,660
Sales tax	1,505,355	-	-	-	-	1,505,355
Other	554,400	-	-	-	74,362	628,762
TOTAL ASSETS	$ 15,687,244	$ 261,821	$ 19,307,803	$ 17,974,394	$ 2,511,756	$ 55,743,018
LIABILITIES:						
Accounts payable	735,198	$ 261,821	$ 13,522	$ 29,189	$ 115,304	$ 1,155,034
Retainage payable	5,471	-	-	-	-	5,471
Deposits payable	300,824	-	-	-	-	300,824
Accrued wages payable	405,890	-	-	-	46,473	452,363
Accrued liabilities	600,754	-	-	-	-	600,754
TOTAL LIABILITIES	2,048,137	261,821	13,522	29,189	161,777	2,514,446
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	774,562	-	-	13,018,964	127,134	13,920,660
TOTAL DEFERRED INFLOWS	774,562	-	-	13,018,964	127,134	13,920,660
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,822,699	261,821	13,522	13,048,153	288,911	16,435,106
FUND BALANCES:						
Nonspendable	141,348	-	-	-	-	141,348
Restricted	705,551	-	-	4,926,241	-	5,631,792
Committed	4,508,000	-	19,294,281	-	2,222,845	26,025,126
Assigned	5,390,729	-	-	-	-	5,390,729
Unassigned	2,118,917	-	-	-	-	2,118,917
TOTAL FUND BALANCES	12,864,545	-	19,294,281	4,926,241	2,222,845	39,307,912
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 15,687,244	$ 261,821	$ 19,307,803	$ 17,974,394	$ 2,511,756	$ 55,743,018

The notes to the basic financial statements are an integral part of this statement.

TOWN OF TIMNATH, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance, governmental funds		$ 39,307,912
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		105,011,205
Other assets and deferred outflows resources represent an acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds:		
Leased assets, net	1,514,622	
SBITA, net	578,805	
Deferred outflows of resources - pensions	1,891,369	
Deferred outflows of resources - OPEB	249,527	4,234,323
Long-term liabilities and deferred inflows of resources including lease payables, accrued interest and compensated absences payable, pension, OPEB, and debt payable, are not due and payable in the current period, therefore, are not reported in the funds:		
Accrued compensated absences payable	(637,262)	
Accrued interest payable	(114,657)	
Net pension liability	(3,595,910)	
Net OPEB liability	(222,801)	
Lease payables	(1,627,894)	
Subscription payables	(355,781)	
Deferred inflows of resources - OPEB	(120,364)	
Long-term debt obligations	(38,165,076)	(44,839,745)
Total net position of governmental activities		$ 103,713,695

The notes to the basic financial statements are an integral part of this statement.

TOWN OF TIMNATH, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Improvements Fund	Capital Expansion Fund	Timnath Development Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and fees:						
Sales and use tax	$ 8,928,541	$ -	$ -	$ 8,815,654	$ -	$ 17,744,195
Property tax	703,503	-	-	11,850,666	-	12,554,169
Franchise tax	464,509	-	-	-	-	464,509
Other taxes	111,419	-	-	-	-	111,419
Fines and forfeitures	98,072	-	-	-	-	98,072
Charges for services	278,060	-	6,122,816	702,000	68,278	7,171,154
Intergovernmental	554,482	-	-	-	537,116	1,091,598
Investment earnings	631,364	-	806,255	245,416	50,870	1,733,905
Licenses and permits	2,294,008	-	-	-	43,836	2,337,844
Miscellaneous	137,239	-	-	-	-	137,239
TOTAL REVENUES	14,201,197	-	6,929,071	21,613,736	700,100	43,444,104
EXPENDITURES						
Current:						
General government	4,384,369	-	-	670,458	39,341	5,094,168
Community development	2,113,206	-	-	-	-	2,113,206
Highways and streets	3,238,528	-	-	-	-	3,238,528
Parks and recreation	860,814	-	-	-	1,783,905	2,644,719
Public safety	4,274,393	-	-	-	-	4,274,393
Capital outlay	1,770,140	15,069,068	-	-	169,629	17,008,837
Debt service:						
Principal	535,430	-	-	6,365,000	826,212	7,726,642
Interest	41,860	-	-	1,385,293	302,771	1,729,924
TOTAL EXPENDITURES	17,218,740	15,069,068	-	8,420,751	3,121,858	43,830,417
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,017,543)	(15,069,068)	6,929,071	13,192,985	(2,421,758)	(386,313)
OTHER FINANCING SOURCES (USES):						
Lease financing	45,996	-	-	-	-	45,996
Subscription based technology agreement financing	493,838	-	-	-	-	493,838
Sale of assets	78,948	-	-	-	-	78,948
Transfers from other funds	8,988,530	15,069,068	14,160,022	-	4,644,603	42,862,223
Transfers to other funds	(30,290,847)	-	(1,794,812)	(10,776,564)	-	(42,862,223)
TOTAL OTHER FINANCING SOURCES (USES)	(20,683,535)	15,069,068	12,365,210	(10,776,564)	4,644,603	618,782
NET CHANGE IN FUND BALANCES	(23,701,078)	-	19,294,281	2,416,421	2,222,845	232,469
FUND BALANCES - beginning	36,565,623	-	-	2,509,820	-	39,075,443
FUND BALANCES- ending	$ 12,864,545	$ -	$ 19,294,281	$ 4,926,241	$ 2,222,845	$ 39,307,912

The notes to the basic financial statements are an integral part of this statement.

TOWN OF TIMNATH, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds:		$ 232,469
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was greater than depreciation.		
Capital outlay	6,607,047	
Lease asset and subscription asset additions	641,454	
Disposal of assets	(69,441)	
Depreciation expense	(4,586,247)	
Amortization expense - leases	(132,518)	
Amortization expense - SBITAs	(179,937)	2,280,358
The issuance of long-term debt (e.g., bonds, leases) 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. This amount represents the schedule principal payments on existing debt.		
Long-term debt principal payments	7,132,900	
Lease and subscription obligation payments	593,741	
Lease proceeds	(45,996)	
Subscription proceeds	(493,838)	7,186,807
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.		
Pension income (expense)	(395,348)	
OPEB income (expense)	33,562	
Accrued interest payable	26,209	
Accrued compensated absences payable	(164,569)	(500,146)
Change in net position of governmental activities		$ 9,199,489

The notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Timnath (Town) have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies applied in the preparation of these financial statements.

Reporting Entity

The Town is a municipal corporation, 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-Town 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.

Blended Component Unit

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 (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 (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.

Basis of Presentation – Government-Wide 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 blended component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by revenues from property taxes, sales taxes, intergovernmental and charges for service.

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.

Basis of Presentation – Fund Financial Statements

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are generally classified and summarized as governmental, proprietary, or fiduciary. Currently, the Town has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the aggregate.

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 *Capital Improvement Fund* accounts for capital expansion resources and expenditures for capital projects associated with Buildings and Facilities, Parks and Recreation, Roads and Utilities and Stormwater.
>
> The *Capital Expansion Fund* accumulates resources that are restricted for future capital expansion projects.

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 TDA is reported as a special revenue fund.

The Town reports the following non-major governmental funds:

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

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

The *Parks and Recreation Fund* is a special revenue fund that accounts for all revenue and expenditures for the Town's parks maintenance and recreational programming. Revenues are primarily serviced from the Conservation Trust Fund, county sales tax, and fees for services.

The *Debt Service Fund* is a fund that accounts for all debt payments of the Town.

Measurement Focus and Basis of Accounting

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, 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.

Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize interest earnings. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the Town Council. The levy is based on assessed valuations on January of each calendar year as determined by the Larimer County Assessor. 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:

Description	Useful Lives (in years)
Buildings and Improvements	15 - 75 years
Infrastructure (Roads, etc.)	15 - 25 years
Parks and Recreation	15 - 25 years
Vehicles and Equipment	5 - 15 years

Leases

The Town determines if an arrangement is a lease at inception. Lease assets are included in capital assets and lease liabilities in the government-wide statement of net position. Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specific in the contract, in an exchange or exchange-like transaction.

Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the useful life of the underlying asset.

Subscription Based IT Agreements (SBITAs)

The Town obtains the right to use vendor's information technology software through various long-term contracts. The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide statement of net position. At the commencement of a subscription, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right-to-use asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs as needed. Right-to-use subscription assets useful lives are determined by the length of the subscription period and are amortized using the straight-line method. Key estimates and judgments include how the Town determines the discount rate and subscription term it uses to discount the expected subscription payments to present value. The Town uses an estimate of its borrowing rate of interest at the subscription's inception as the discount rate. The subscription's term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription payable are composed of fixed payments as outlined in the subscription.

Accrued Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused compensated absences. Compensated absences are accrued when incurred in the government-wide financial statements. As compensated absences are due and payable on demand, they are considered due within one year. A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of termination or retirement.

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.

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.

Pension Liability and Other Postemployment Benefits (OPEB) Liability

The Town's net pension liability and OPEB liability, deferred outflows and inflows or resources related to pensions and OPEB, and pension/OPEB expense (income) have been determined on the basis reported by the Colorado Public Retirement Account (PERA).

Deferred Outflows and 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 assets 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 assets 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 three items that qualify for reporting in this category. Accordingly, these items, unavailable property tax revenue, pensions, and OPEB related items, are deferred and recognized as inflows of resources in the period that the amounts become available.

Fund Balance / Net Position

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. The general fund is the only fund to report a positive fund balance.

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. 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 2. CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, consist of the following:

Cash and Investments	$	14,571,790
Restricted cash and investments		24,975,103
Total cash and investments	**$**	**39,546,893**

Cash on hand	$	400
Cash deposits		8,218,889
Investments		31,327,504
Total cash and investments	**$**	**39,546,893**

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.

At December 31, 2025, the town's cash deposits had a bank balance of $7,978,105 and carrying balance of $8,216,438.

Investments

The Town has adopted a formal investment policy. The Town generally limits its concentration of investments to the local government investment pool as there is minimal credit and interest rate risk, as well as 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. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest includes:

- 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

<u>COLOTRUST</u>

The Authority invested in the Colorado Local Government Liquid Asset Trust (ColoTrust or the Trust), which is 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 ColoTrust.

ColoTrust offers shares in three portfolios, ColoTrust PRIME, ColoTrust Plus+, and ColoTrust EDGE. ColoTrust PRIME invests only in U.S. Treasury securities and government agencies and each share is equal in value to $1. ColoTrust PLUS+ can invest in U.S. Treasury securities, government agencies, and in the highest-rated commercial paper and each share is equal to $1. ColoTrust EDGE can invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper and is managed to approximate a $10 transactional share price.

A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust'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. The Authority's investments are measured under GASB Statement No. 72. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2025, the Town had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	$ 31,327,504
		$ 31,327,504

NOTE 3. FUND BALANCE CLASSIFICATION

Governmental fund balances were classified as follows as of December 31, 2025:

	General Fund	Capital Improvements Fund	Capital Expansion Fund	Timnath Development Authority Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable	$ 141,348	$ -	$ -	$ -	$ -	$ 141,348
Restricted						
Emergencies (TABOR reserve)	703,000	-	-	-	-	703,000
Debt service	2,551	-	-	1,636,292	-	1,638,843
Urban renewal revitalization	-	-	-	3,289,949	-	3,289,949
Total	846,899	-	-	4,926,241	-	5,631,792
Committed						
Parks and recreation	-	-	-	-	2,222,845	2,222,845
Capital projects	-	-	19,294,281	-	-	19,294,281
Working capital reserve	4,508,000	-	-	-	-	4,508,000
Total	4,508,000	-	19,294,281	-	2,222,845	26,025,126
Assigned						
Subsequent year appropriations	5,390,729	-	-	-	-	5,390,729
Unassigned	2,118,917	-	-	-	-	2,118,917
Total fund balance	$ 12,864,545	$ -	$ 19,294,281	$ 4,926,241	$ 2,222,845	$ 39,307,912

NOTE 4. INTERFUND TRANSFERS

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. The following interfund transfers occurred during the year for the purposes of establishing beginning fund balances for the new funds presented, reimbursement of costs paid by the general fund, reimbursing the Town for related infrastructure, expenses and administrative costs, or as required per IGA as shown below:

	Transfers Out			
	General Fund	Capital Expansion Fund	Timnath Development Authority Fund	Total
Transfers In:				
General Fund	$ -	$ 172,876	$ 8,815,654	$ 8,988,530
Capital Improvement Fund	11,486,222	1,621,936	1,960,910	15,069,068
Capital Expansion Fund	14,160,022	-	-	14,160,022
Parks and Recreation Fund	3,633,965	-	-	3,633,965
Timnath Landings GID (Capital)	39,341	-	-	39,341
Debt Service Fund	971,297	-	-	971,297
Total	$ 30,290,847	$1,794,812	$ 10,776,564	$ 42,862,223

NOTE 5. CAPITAL ASSETS

The following is an analysis of the change in the Town's capital assets, right-to-use leased assets, and right-to-use subscription – based IT assets for the year ended December 31, 2025:

	Balances as of December 31, 2024	Additions and Transfers	Deletions and Transfers	Balances as of December 31, 2025
Capital Assets				
Capital Assets, not being depreciated:				
Land	$ 7,545,208	$ -	$ -	$ 7,545,208
Construction in process	21,107,758	4,114,008	(21,080,347)	4,141,419
Total capital assets, not being depreciated	28,652,966	4,114,008	(21,080,347)	11,686,627
Capital Assets, being depreciated:				
Buildings and improvements	25,205,738	95,300	-	25,301,038
Infrastructure	60,065,253	10,681,350	-	70,746,603
Parks and recreation	16,840,272	11,344,892	-	28,185,164
Vehicles and equipment	3,875,294	1,940,082	(159,046)	5,656,330
Total capital assets, being depreciated	105,986,557	24,061,624	(159,046)	129,889,135
Less accumulated depreciation:				
Buildings and improvements	(1,661,635)	(367,776)	-	(2,029,411)
Infrastructure	(24,854,001)	(2,637,906)	-	(27,491,907)
Parks and recreation	(3,426,375)	(981,050)	-	(4,407,425)
Vehicles and equipment	(2,151,435)	(599,515)	115,136	(2,635,814)
Total accumulated depreciation	(32,093,446)	(4,586,247)	115,136	(36,564,557)
Total capital assets being depreciated, net	73,893,111	19,475,377	(43,910)	93,324,578
Total Governmental Activities capital assets, net	$ 102,546,077	$ 23,589,385	$ (21,124,257)	$ 105,011,205
Right-to-use assets - Leases				
Leases, being amortized				
Land	$ 1,673,929	$ -	$ -	$ 1,673,929
Vehicles and equipment	1,104,772	45,996	(906,657)	244,111
Total leases, being amortized	2,778,701	45,996	(906,657)	1,918,040
Accumulated Amortization				
Land	(251,088)	(83,696)	-	(334,784)
Vehicles and equipment	(412,700)	(48,822)	392,888	(68,634)
Total accumulated amortization	(663,788)	(132,518)	392,888	(403,418)
Total leases being amortized, net	$ 2,114,913	$ (86,522)	$ (513,769)	$ 1,514,622

Right-to-use assets - SBITAs	**Balances as of December 31, 2024**	**Additions and Transfers**	**Deletions and Transfers**	**Balances as of December 31, 2025**
SBITAs, being amortized				
Right to use - Subscription	$ 212,979	$ 595,458	$ -	$ 808,437
Total SBITAs, being amortized	212,979	595,458	-	808,437
Accumulated Amortization				
Right to use - Subscription	(49,695)	(179,937)	-	(229,632)
Total accumulated amortization	(49,695)	(179,937)	-	(229,632)
Total SBITAs being amortized, net	$ 163,284	$ 415,521	$ -	$ 578,805

Depreciation and amortization expense related to capital assets, leased assets, and subscription – based IT assets were charged to functions/programs for governmental activities as follows:

	Governmental Activities
General government	$ 228,423
Parks and recreation	1,146,807
Public safety	596,645
Public works	2,926,827
Total depreciation and amortization	$ 4,898,702

NOTE 6. LEASES PAYABLE

The Town recognizes a lease payable for the following contracts in which the Town, acting as a lessee, is granted the right to use the asset of another entity. The following leases are:

	Balances as of December 31, 2024	Additions	Deletions	Balances as of December 31, 2025	Due in one year
Governmental Activities:					
Reservoir	$ 1,497,966	$ -	$ (58,314)	$ 1,439,652	$ 65,586
Police vehicles	232,003	-	(232,003)	-	-
Copier equipment	179,993	45,996	(37,747)	188,242	44,390
Total Lease Payable	$ 1,909,962	$ 45,996	$ (328,064)	$ 1,627,894	$ 109,976

Reservoir

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 term assumes execution of the renewals. 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. Outflow of resources for this lease is paid from the Parks and Recreation Fund.

Police Vehicles

On May 17, 2022, the Town entered into a lease agreement with GM Financial to acquire fourteen (14) police vehicles. The lease bears an annual interest rate of 5.09%, and requires annual payments of $243,806 starting on May 17, 2022 and the last payment on May 17, 2025.

Copier Equipment

On May 10, 2019, the Town entered into a lease agreement with All Copy Products for copiers and printers for Town office buildings. Additional copiers were added on March 1, 2023. On July 1, 2024, the Town entered into new lease with All Copy Products which replaced the prior lease. The lease bears an annual interest rate of 3.90% and requires annual payments of $43,676 with annual price increases of 11% per year with the last payment scheduled for June 1, 2029.

Annual debt service requirements for the leases payable is as follows:

December 31,	Principal	Interest
2026	$ 109,976	$ 61,519
2027	120,052	57,054
2028	131,161	52,178
2029	105,441	47,148
2030	76,640	43,848
2031 - 2035	431,333	171,107
2036 - 2040	524,038	78,402
2041	129,253	2,918
	$ 1,627,894	$ 514,174

NOTE 7. SUBSCRIPTION – BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Town recognizes a subscription-based liability for the following contracts in which the Town is granted the right to use a subscription-based asset of another entity. The following arrangements are:

The Town has entered into four qualified SBITA agreement as the subscriber for software, as follows:

	Balances as of December 31, 2024	Additions	Deletions	Balances as of December 31, 2025	Due in one year
Governmental Activities:					
Police vehicle software	$ 127,622	$ 35,278	$ (52,966)	$ 109,934	$ 53,758
Police body worn cameras/taser	-	245,428	(92,828)	152,600	48,645
ERP Software	-	129,819	(63,459)	66,360	66,360
Budget software	-	83,313	(56,426)	26,887	26,887
Total SBITA Payable	$ 127,622	$ 493,838	$ (265,679)	$ 355,781	$ 195,650

Police Vehicle Software

The subscription liability for software used in conjunction with cameras in police vehicles was entered into on November 1, 2023, was modified in 2025, and includes a 60-month term due in 2028.

Total annual principal and interest payments are $58,709 at an estimated borrowing rate of 4.5%. The outflow of resources for this subscription is reported in the General Fund.

Police Body worn cameras and taser software

The subscription liability for software used in conjunction with body worn cameras and taser used by police was entered into on July 15, 2024, and modified in 2025 includes a 60-month term due in 2029.

Total annual principal and interest payments are $55,512 at an estimated borrowing rate of 4.5%. The outflow of resources for this subscription is reported in the General Fund.

Enterprise Resource Planning Software

The subscription liability for software used in conjunction with the Town's financial software was entered into on March 29, 2024, and modified in 2025 includes a 24-month term due in 2026. Upon expiration, the contract is renewable annually and can be cancelled by either party with 60 days' advance notice.

Total annual principal and interest payments are $66,359 at an estimated borrowing rate of 4.57%. The outflow of resources for this subscription is reported in the General Fund.

Budget Software

The subscription liability for software used in conjunction with the Town's budgeting software was entered into on January 1, 2024, includes a 24-month term due in 2026. Upon expiration, the contract is renewable annually and can be cancelled by either party with 60 days' advance notice.

Total annual principal and interest payments are $29,870 with annual price increases at an estimated borrowing rate of 4.50%. The outflow of resources for this subscription is reported in the General Fund.

Annual debt service requirements for the SBITA payables is as follows:

December 31,	Principal	Interest
2026	$ 195,650	$ 13,024
2027	107,009	7,206
2028	53,122	2,390
	$ 355,781	$ 22,620

NOTE 8. LONG-TERM DEBT

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2025:

	Balances as of December 31, 2024	Additions	Deletions	Balances as of December 31, 2025	Due within one year
Governmental activities - Direct borrowings:					
2018 Town Hall Certificates of Participation, refinanced interest rate of 3.90%, original amount $9,120,000, due 2030	$ 5,215,300	$ -	$ (767,900)	$ 4,447,400	$ 805,800
Component Units:					
Timnath Development Authority					
2015 Development Loan Payable, 2022 refinanced interest rate of 3.90%, original amount of $50,000,000, due 2029	22,340,000	-	(4,080,000)	18,260,000	4,265,000
2018 Development Loan Payable, 2022 refinanced interest rate of 3.90%, original amount of $20,000,000, due 2029	12,790,000	-	(2,285,000)	10,505,000	2,405,000
Timnath Landing General Improvement District					
Developer Advances	4,952,676	-	-	4,952,676	-
Total Notes Payable	45,297,976	-	(7,132,900)	38,165,076	7,475,800
Other Liabilities:					
Compensated absences	472,693	164,569	-	637,262	637,262
Total	$ 45,770,669	$ 164,569	$ (7,132,900)	$ 38,802,338	$ 8,113,062

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 with an initial interest rate of 4.89% payable semi-annually on June 1 and December 1 commencing December 1, 2018. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. The Certificates mature on December 1, 2030. Principal and interest payments are subject to annual appropriation.

Per the refinancing loan agreement, the certificates are not subject to redemption prior to maturity, in whole or in part, at the option of the Town.

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.

<u>TDA Loans Payable</u>

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. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. 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. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. The purposes of the 2018 Loan were as follows: (a) funding of TDA capital projects; and (b) paying costs of issuance.

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 refinancing loan agreement, the loans are not subject to prepayment prior to maturity at the option of the Town.

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;

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, 2025, pledged revenue account balances totaled $2,982,605.

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 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 entitled to interest on these reimbursed amounts.

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

	General Fund		Timnath Development Authority		Governmental Activities	
	Certificate of Participation, Series 2018 ($9,120,000)		Loan Combined, Series 2015 & 2018 ($70,000,000)		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	805,800	173,448	6,670,000	1,137,416	7,475,800	1,310,864
2027	845,600	142,022	7,000,000	873,673	7,845,600	1,015,695
2028	887,400	109,044	7,370,000	598,517	8,257,400	707,561
2029	931,200	74,436	7,725,000	305,459	8,656,200	379,895
2030	977,400	38,118	-	-	977,400	38,118
	$ 4,447,400	$ 537,068	$ 28,765,000	$ 2,915,065	$ 33,212,400	$ 3,452,133

NOTE 9. NET POSITION

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

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 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.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of bonds, mortgages, notes, leases, subscription liabilities, and other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2025, the Town had net investment in capital assets calculated as follows:

Capital Assets, net of accumulated depreciation and amortization	$ 107,104,632
Long-term debt related to acquisition of capital assets	(35,196,077)
Retainage payable	(5,471)
Net Investment in Capital Assets	**$ 71,903,084**

NOTE. 10 COMMITMENTS

As of December 31, 2025, the Town had unexpended commitments from major construction contracts for the CR5 Bridge and Widening Design, Timnath Reservoir Phase 2,and Parkway Phase 1 totaling $1,283,784. Of this amount, $0 was recorded as retainage payable as the contracts related to design.

The Town is currently involved in a pending sales tax refund claim in the amount of approximately $600,755. This amount has been recorded as a liability in the accompanying financial statements. The ultimate resolution of this matter is subject to administrative and/or legal review; however, management believes the recorded liability represents a reasonable estimate of the potential obligation as of December 31, 2025.

NOTE 11. EMPLOYEE RETIREMENT PENSION PLANS

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 (income), 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.

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.

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 publicly available annual comprehensive financial report (ACFR) 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% and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100% 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% of highest average salary and 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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 the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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 of the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq*. Eligible employees were required to contribute 9% of their PERA-includable salary during the period of January 1, 2025 through December 31, 2025.

The employer contribution requirements during the period of January 1, 2025 through December 31, 2025 are summarized in the table below:

	January 1, 2025 Through December 31, 2025
Employer contribution rate	11.00%
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	9.98%
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	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.11%
Total employer contribution rate to the LGDTF	**13.79%**

*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 the Town were $914,689 for the year ended December 31, 2025.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At December 31, 2025, the Town reported a liability of $3,595,910 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2024, the Town's proportion was 0.58603%, which was an increase of 0.10496% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town recognized pension expense of $1,310,037. At December 31, 2025, 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	$ 271,341	$ -
Changes of Assumptions or other Inputs	106,125	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	338,389	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	260,825	-
Contributions Subsequent to the Measurement Date	914,689	-
Total	$ 1,891,369	$ -

$914,689 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 901,770
2027	874,429
2028	(572,763)
2029	(226,756)
	$ 976,680

Actuarial assumptions

The TPL in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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 Safety Officers	3.20%-11.30%
Safety Officers	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 and DPS benefit structure (compounded annually)	1.00%
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.

As of December 31, 2024, measurement date, the FNP and related disclosure components of the Local Government Division reflected payments related to the disaffiliation of Tri-County Health Department as a PERA affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**

Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 94% of the rates prior to age 80/ 90% of the rates age 80 and older **Females**: 87% of the rates prior to age 80/ 107% of the rates age 80 and older

Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages

Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuations were 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 the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%

Salary scale assumptions were altered to better reflect actual experience.

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

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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% 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
Total	100.00 %	

Note: 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%.

Discount rate

The discount rate used to measure the TPL was 7.25%. 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%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year and the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. 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 required adjustments resulting from the 2018 and 2020 AAP assessments.

- Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% 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 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.

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

Based on the above assumptions and methods, the 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the Net Pension Liability (Asset)	$ 7,870,725	$ 3,595,910	$ 4,577

Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

The Town's general fund and parks and recreation funds are used to liquidate the net pension liability.

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Town that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy

The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses, and guardians. 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.

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 basis for 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% 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 retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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% 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 Town were $67,656 for the year ended December 31, 2025.

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

At December 31, 2025 the Town reported a liability of $222,801 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF. At December 31, 2024, the Town's proportion was 0.04659%, which was an increase of 0.00835% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025 the Town recognized OPEB income of $34,094. At December 31, 2025 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	$ -	$ 49,145
Changes of Assumptions or other Inputs	2,555	71,219
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	755	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	178,561	-
Contributions Subsequent to the Measurement Date	67,656	-
Total	$ 249,527	$ 120,364

The $67,656 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2026	$ 23,423
2027	24,399
2028	5,252
2029	5,122
2030	3,836
Thereafter	(525)
Total	$ 61,507

Actuarial assumptions

The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Local Government Division
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 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	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Each year the per capita health care costs are developed by plan option; currently based on the 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

AGE-RELATED MORBIDITY ASSUMPTIONS

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse Male	Female	MAPD PPO #2 with Medicare Part A Retiree/Spouse Male	Female	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse Male	Female
65	$ 1,710	$ 1,420	$ 585	$ 486	$ 1,897	$ 1,575
70	1,921	1,589	657	544	2,130	1,763
75	2,122	1,670	726	571	2,353	1,853

Sample Age	MAPD PPO #1 without Medicare Part A Retiree/Spouse Male	Female	MAPD PPO #2 without Medicare Part A Retiree/Spouse Male	Female	MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse Male	Female
65	$ 6,536	$ 5,429	$ 4,241	$ 3,523	$ 7,063	$ 5,866
70	7,341	6,073	4,764	3,941	7,933	6,563
75	8,110	6,385	5,262	4,143	8,763	6,900

The 2024 Medicare Part A premium is $505 per month.

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

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans [1]	MAPD PPO #21 Premiums	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

[1] Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Troopers) were based upon the PubG-2010 Employee Table.

Post-retirement retiree 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% of the rates prior to age 80 and 90% of the rates for ages 80 and older
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages

- **Females:** 105% of the rates for all ages

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	Local Government Division
Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$1,824	$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to a 85/ 105% of the rates age 85 and olde
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all age
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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% 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
Total	100.00 %	

Note: 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%.

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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 216,798	$ 222,801	$ 229,595

[1]For the January 1, 2025, plan year.

Discount Rate

The discount rate used to measure the TOL was 7. *Discount rate.* The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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%.
- 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 273,046	$ 222,801	$ 179,484

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

The Town's general and parks and recreation funds are used to liquidate the net OPEB liability.

NOTE 13. 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 Mission Square 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 14. MAJOR TAXPAYERS

For the year ending December 31, 2025, approximately 79% of the Town's sales tax revenue was received from five taxpayers, and of those five taxpayers, two taxpayers constituted approximately 69% of the total sales tax revenue.

NOTE 15. 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.

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 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 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.

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.

In 2021, the BBRSA started a groundwater mitigation project due to exposed ground water from the original East Side Detention Facility construction. The first phase of this project was completed in 2022 and the BBRSA is monitoring to determine if additional mitigation will be required. Overall project cost is been estimated to be $2,000,000 if all mitigation construction is needed. These costs would be shared between Timnath, Larimer County, and City of Fort Collins.

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.

As of 2023, the final report is pending approval from the State Engineer's Office for the required updates. The communities involved are also working on an IGA regarding the funding of the improvements and long-term maintenance requirements.

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. As of December 31, 2025, the total advance from the Town was $123,142.

NOTE 16. 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 17. 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.

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 18. 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, 2025, the Town reserved $703,000 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 19. SUBSEQUENT EVENTS

At the November 4, 2025 coordinated election, voters approved Ballot Issue 3A. As approved, the measure imposes an additional 1.25% sales and use tax beginning January 1, 2026, to be used for the design, construction, operation, and maintenance of a municipal recreation center. The tax is authorized to remain in effect through December 31, 2056, unless reduced earlier by Town Council action, at which point the rate will decrease to no more than 0.25% for ongoing operations and maintenance.

On May 20, 2026, the Town issued $85,225,000 of Certificates of Participation, Series 2026, to finance the construction of capital improvements of a community recreation center. The Certificates were issued at a premium of approximately $5.3 million, for total proceeds of approximately $90.4 million (net of underwriter's discount). Proceeds from the issuance, together with an $8.0 million Town contribution, will be used to fund project costs and payment of issuance costs.

The Certificates are expected to be repaid from legally available revenues of the Town, including revenues generated from the dedicated 1.25% sales and use tax.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budget and Actual

Capital Expansion Fees -Budget and Actual

Timnath Development Authority Fund - Budget and Actual

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

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

Notes to the Required Supplementary Information

TOWN OF TIMNATH, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL FOR YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Sales and use	$ 8,710,333	$ 8,710,333	$ 8,928,541	$ 218,208
Property	709,072	709,072	703,503	(5,569)
Franchise	495,015	495,015	464,509	(30,506)
Other	103,400	103,400	111,419	8,019
Charges for services	861,400	861,400	278,060	(583,340)
License and permits	2,235,460	2,235,460	2,294,008	58,548
Intergovernmental	683,214	683,214	554,482	(128,732)
Investment earnings	760,000	760,000	631,364	(128,636)
Fines and forfeitures	144,665	144,665	98,072	(46,593)
Miscellaneous	25,000	25,000	137,239	112,239
TOTAL REVENUES	14,727,559	14,727,559	14,201,197	(526,362)
EXPENDITURES				
General Government:				
Administrative	602,419	565,515	485,492	80,023
Legal	679,749	497,087	596,196	(99,109)
Finance	1,019,854	977,558	968,201	9,357
Human Resources	287,853	281,203	219,373	61,830
Information Technology	998,203	1,045,325	735,691	309,634
Municipal Court	163,695	144,795	144,344	451
Town Clerk	243,636	280,686	252,448	28,238
Facilities	633,621	686,768	524,007	162,761
Non-Departmental	599,277	599,277	458,617	140,660
Community Development	2,817,877	2,579,042	2,113,206	465,836
Events	930,897	931,347	860,814	70,533
Public Safety	4,852,924	4,536,912	4,274,393	262,519
Public Works	4,201,730	4,169,053	3,238,528	930,525
Debt Service:				
Principal	-	40,000	535,430	(495,430)
Interest	-	-	41,860	(41,860)
Capital Outlay	1,673,732	1,867,334	1,770,140	97,194
TOTAL EXPENDITURES	19,705,467	19,201,901	17,218,740	1,983,161
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,977,908)	(4,474,342)	(3,017,543)	1,456,799
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	78,948	78,948
Lease financing	-	-	45,996	45,996
Subscription based technology agreement financing	-	-	493,838	493,838
Transfers from other funds	12,506,720	12,506,720	8,988,530	(3,518,190)
Transfers to other funds	(30,834,745)	(32,433,609)	(30,290,847)	2,142,762
TOTAL OTHER FINANCING SOURCES (USES)	(18,328,025)	(19,926,889)	(20,683,535)	(756,646)
NET CHANGE IN FUND BALANCE	(23,305,933)	(24,401,231)	(23,701,078)	700,153
FUND BALANCES - beginning	31,609,692	31,609,692	36,565,623	4,955,931
FUND BALANCES - ending	$ 8,303,759	$ 7,208,461	$ 12,864,545	$ 5,656,084

TOWN OF TIMNATH, COLORADO
SPECIAL REVENUE FUND - CAPITAL EXPANSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Charges for services	$ 3,242,547	$ 3,242,547	$ 6,122,816	$ 2,880,269
Investment earnings	181,208	181,208	806,255	625,047
TOTAL REVENUES	3,423,755	3,423,755	6,929,071	3,505,316
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,423,755	3,423,755	6,929,071	3,505,316
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	12,922,361	12,922,361	14,160,022	1,237,661
Transfers to other funds	(10,057,923)	(10,057,923)	(1,794,812)	8,263,111
TOTAL OTHER FINANCING SOURCES (USES)	2,864,438	2,864,438	12,365,210	9,500,772
NET CHANGE IN FUND BALANCE	6,288,193	6,288,193	19,294,281	13,006,088
FUND BALANCES - beginning	-	-	-	-
FUND BALANCES - ending	$ 6,288,193	$ 6,288,193	$ 19,294,281	$ 13,006,088

TOWN OF TIMNATH, COLORADO
TIMNATH DEVELOPMENT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL FOR YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Sales	$ 8,751,230	$ 8,751,230	$ 8,815,654	$ 64,424
Property	11,200,883	11,200,883	11,850,666	649,783
Charges for services	943,579	943,579	702,000	(241,579)
Investment earnings	75,000	75,000	245,416	170,416
TOTAL REVENUES	20,970,692	20,970,692	21,613,736	643,044
EXPENDITURES				
Materials and services	780,077	805,077	670,458	134,619
Debt service				
Principal	6,365,000	6,365,000	6,365,000	-
Interest	1,389,099	1,389,099	1,385,293	3,806
TOTAL EXPENDITURES	8,534,176	8,559,176	8,420,751	138,425
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,436,516	12,411,516	13,192,985	781,469
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(12,436,516)	(12,430,163)	(10,776,564)	1,653,599
TOTAL OTHER FINANCING SOURCES (USES)	(12,436,516)	(12,430,163)	(10,776,564)	1,653,599
NET CHANGE IN FUND BALANCE	-	(18,647)	2,416,421	2,435,068
FUND BALANCES - beginning	1,535,000	1,535,000	2,509,820	974,820
FUND BALANCES - ending	$ 1,535,000	$ 1,516,353	$ 4,926,241	$ 3,409,888

TOWN OF TIMNATH, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)
YEAR ENDED DECEMBER 31, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Town's Proportion of the Net Pension Liability (Asset)	0.58603%	0.48107%	0.41335%	0.35225%	0.27366%	0.18841%	0.17750%	0.16912%	0.14354%	0.10242%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 3,595,910	$ 3,531,278	$ 4,144,056	$ (302,012)	$ 1,426,127	$ 1,377,990	$ 2,231,496	$ 1,882,987	$ 1,938,325	$ 1,128,221
Town's Covered Payroll	5,579,871	4,226,274	3,271,632	2,719,283	1,256,997	1,189,966	1,066,854	870,052	581,655	530,278
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	64.4%	83.6%	126.7%	(11.1%)	113.5%	115.8%	209.2%	216.4%	333.2%	212.8%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.45%	88.03%	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan.

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	$ 914,689	$ 767,790	$ 580,690	$ 441,009	$ 358,945	$ 162,455	$ 150,888	$ 135,277	$ 110,323	$ 73,754
Contributions in Relation to the Statutorily Required Contribution	914,689	767,790	580,690	441,009	358,945	162,455	150,888	135,277	110,323	73,754
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 6,623,427	$ 5,579,871	$ 4,226,274	$ 3,271,632	$ 2,719,283	$ 1,256,997	$ 1,189,966	$ 1,066,854	$ 870,052	$ 581,655
Contributions as a Percentage of Covered Payroll	13.76%	13.76%	13.74%	13.48%	13.20%	12.92%	12.68%	12.68%	12.68%	12.68%

TOWN OF TIMNATH, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION (OPEB)
YEAR ENDED DECEMBER 31, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018
Plan Measurement Date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Town's Proportion of the Net Pension Liability (Asset)	0.46594%	0.03823%	0.03332%	0.02738%	0.02086%	0.01443%	0.01375%	0.01314%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 222,801	$ 272,916	$ 272,051	$ 236,127	$ 198,184	$ 162,190	$ 187,108	$ 170,781
Town's Covered Payroll	5,579,871	4,226,274	3,271,632	2,719,283	1,256,997	1,189,966	1,066,854	870,052
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	3.99%	6.46%	8.32%	8.68%	15.77%	13.63%	17.54%	19.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	$ 67,656	$ 56,915	$ 43,108	$ 33,420	$ 27,737	$ 12,815	$ 12,138	$ 10,882	$ 8,875	$ 5,933
Contributions in Relation to the Statutorily Required Contribution	67,656	56,915	43,108	33,420	27,737	12,815	12,138	10,882	8,875	5,933
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 6,623,427	$ 5,579,871	$ 4,226,274	$ 3,271,632	$ 2,719,283	$ 1,256,997	$ 1,189,966	$ 1,066,854	$ 870,052	$ 581,655
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE A. BUDGETARY INFORMATION

The Town adopts an annual budget for all governmental funds on a basis consistent with general accepted accounting principles and Colorado Local Budget Law.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 1, the Town Manager submits to the Town Council at a work session a proposed operating budget by fund and department for the fiscal year commencing the following January 1.

During October, the draft budget is made available on the Town website and comments gathered via email.

At the first reading of the budget in November, a notice is published indicating that the proposed budget will be open for public hearing in December.

Prior to December 15th, Town Council holds a public hearing, and the budget is legally adopted by Town Council with the second reading of the ordinance. All operating budget appropriations lapse at year-end, although unexpended appropriations may be re-appropriated for the next year. The legal level of budgetary control is exercised at the fund level.

Department directors, with approval of the town manager and finance director, may reallocate the department budget between line-item expenditures and/or approve transfers between departments within the same fund.

The Town Council may modify the budget by transferring appropriations between funds and by adopting supplemental budgets. For the fiscal year ended December 31, 2025, one supplemental budget ordinance was approved for the General Fund, and the Timnath Development Authority fund.

SUPPLEMENTARY INFORMATION

Combining, non-major Fund Statements

Capital Improvement Fund - Budget and Actual

Parks and Recreation Fund – Budget and Actual

Timnath Landings GID – Budget and Actual, Special Revenue Fund

Debt Service Fund – Budget and Actual

Timnath Landings GID – Budget and Actual, Capital Projects Fund

TOWN OF TIMNATH, COLORADO
COMBINING BALANCE SHEET – NON-MAJOR FUNDS
DECEMBER 31, 2025

	Special Revenue			Capital Projects	Total
	Parks and Recreation Fund	Timnath Landings GID*	Debt Service Fund	Timnath Landings GID*	Non-Major Governmental Funds
ASSETS					
Cash and investments	$ 2,301,027	$ -	$ -	$ -	$ 2,301,027
Restricted cash and investments	-	9,233	-	-	9,233
Receivables	74,362	127,134	-	-	201,496
TOTAL ASSETS	2,375,389	136,367	-	-	2,511,756
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Accounts payable	106,071	9,233	-	-	115,304
Accrued wages payable	46,473	-	-	-	46,473
TOTAL LIABILITIES	152,544	9,233	-	-	161,777
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	-	127,134	-	-	127,134
TOTAL DEFERRED INFLOWS OF RESOURCES:	-	127,134	-	-	127,134
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	152,544	136,367	-	-	288,911
FUND BALANCES:					
Restricted	-	-	-	-	-
Committed	2,222,845	-	-	-	2,222,845
Assigned	-	-	-	-	-
TOTAL FUND BALANCES	2,222,845	-	-	-	2,222,845
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,375,389	$ 136,367	$ -	$ -	$ 2,511,756

*General Improvement District

TOWN OF TIMNATH, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue			Capital Projects	Total
	Parks and Recreation Fund	Timnath Landings GID*	Debt Service Fund	Timnath Landings GID*	Non-Major Governmental Funds
REVENUES					
Charges for services	$ 68,278	$ -	$ -	$ -	$ 68,278
License and permits	43,836	-	-	-	43,836
Intergovernmental	537,116	-	-	-	537,116
Investment earnings	50,870	-	-	-	50,870
TOTAL REVENUES	700,100	-	-	-	700,100
EXPENDITURES					
Current:					
General government	-	39,341	-	-	39,341
Parks and recreation	1,783,905	-	-	-	1,783,905
Debt Service:					
Principal	58,312	-	767,900	-	826,212
Interest	99,374	-	203,397	-	302,771
Capital Outlay	169,629	-	-	-	169,629
TOTAL EXPENDITURES	2,111,220	39,341	971,297	-	3,121,858
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,411,120)	(39,341)	(971,297)	-	(2,421,758)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,633,965	39,341	971,297	-	4,644,603
TOTAL OTHER FINANCING SOURCES (USES)	3,633,965	39,341	971,297	-	4,644,603
NET CHANGE IN FUND BALANCES	2,222,845	-	-	-	2,222,845
FUND BALANCES - beginning	-	-	-	-	-
FUND BALANCES - ending	$ 2,222,845	$ -	$ -	$ -	$ 2,222,845

*General Improvement District

TOWN OF TIMNATH, COLORADO
CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
TOTAL REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital outlay	21,057,725	21,057,725	15,069,068	5,988,657
TOTAL EXPENDITURES	21,057,725	21,057,725	15,069,068	5,988,657
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,057,725)	(21,057,725)	(15,069,068)	5,988,657
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	23,545,553	23,545,553	15,069,068	(8,476,485)
TOTAL OTHER FINANCING SOURCES (USES)	23,545,553	23,545,553	15,069,068	(8,476,485)
NET CHANGE IN FUND BALANCE	2,487,828	2,487,828	-	(2,487,828)
FUND BALANCES - beginning	-	-	-	-
FUND BALANCES - ending	$ 2,487,828	$ 2,487,828	$ -	$ (2,487,828)

TOWN OF TIMNATH, COLORADO
PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Charges for services	$ -	$ -	$ 68,278	$ 68,278
License and permits	121,160	121,160	43,836	(77,324)
Intergovernmental	524,100	524,100	537,116	13,016
Investment earnings	-	-	50,870	50,870
TOTAL REVENUES	645,260	645,260	700,100	54,840
EXPENDITURES				
Cultural and Recreation:				
Parks Administration	1,406,767	1,406,767	1,197,379	209,388
Recreation	362,245	362,245	276,641	85,604
Reservoir	313,808	313,808	309,885	3,923
Debt Service:				
Principal	-	-	58,312	(58,312)
Interest	-	-	99,374	(99,374)
Capital Outlay	350,501	350,501	169,629	180,872
TOTAL EXPENDITURES	2,433,321	2,433,321	2,111,220	322,101
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,788,061)	(1,788,061)	(1,411,120)	376,941
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,333,254	3,333,254	3,633,965	300,711
TOTAL OTHER FINANCING SOURCES (USES)	3,333,254	3,333,254	3,633,965	300,711
NET CHANGE IN FUND BALANCE	1,545,193	1,545,193	2,222,845	677,652
FUND BALANCES - beginning	-	-	-	-
FUND BALANCES - ending	$ 1,545,193	$ 1,545,193	$ 2,222,845	$ 677,652

TOWN OF TIMNATH, COLORADO
GENERAL FUND – TIMNATH LANDING GID
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
TOTAL REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Materials and services	50,000	50,000	39,341	10,659
TOTAL EXPENDITURES	50,000	50,000	39,341	10,659
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(50,000)	(39,341)	10,659
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	50,000	50,000	39,341	(10,659)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	39,341	(10,659)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES - beginning	-	-	-	-
FUND BALANCES - ending	$ -	$ -	$ -	$ -

TOWN OF TIMNATH, COLORADO
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	767,900	767,900	767,900	-
Interest	203,397	203,397	203,397	-
TOTAL EXPENDITURES	971,297	971,297	971,297	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(971,297)	(971,297)	(971,297)	-
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	971,297	971,297	971,297	-
TOTAL OTHER FINANCING SOURCES (USES)	971,297	971,297	971,297	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES - beginning	-	-	-	-
FUND BALANCES - ending	$ -	$ -	$ -	$ -

TOWN OF TIMNATH, COLORADO
CAPITAL PROJECTS FUND – TIMNATH LANDING GID
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
TOTAL REVENUES	$ -	$ -	$ -
EXPENDITURES			
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGES IN FUND BALANES	$ -	-	$ -
FUND BALANCE - beginning		-	
FUND BALANCE - ending		$ -	

OTHER FINANCIAL SCHEDULES

Schedule of Impact Fees

Schedule of Future Debt Service Requirements

Local Highway Finance Report

TOWN OF TIMNATH, COLORADO
SCHEDULE OF IMPACT FEES
YEAR ENDED DECEMBER 31, 2025

Impact fees		Balance at December 31, 2024		Additions[1]		Reductions for Capital Expenditure		Balance at December 31, 2025
Transportation	$	4,924,368	$	2,148,152	$	(959,808)	$	6,112,712
Parks		5,550,210		2,869,821		(662,128)		7,757,903
Public Buildings		586,782		1,469,428		-		2,056,210
Stormwater		1,947,718		93,800		-		2,041,518
Police		35,478		137,398		(172,876)		-
Total	$	13,044,555	$	6,718,599	$	(1,794,812)	$	17,968,343

[1] Additions include fees collected plus interest earned less administrative fees.

TOWN OF TIMNATH, COLORADO
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
YEAR ENDED DECEMBER 31, 2025

Principal Payments

	General Fund	Timnath Development Authority	
December 31,	2018 Certificate of Participation ($9,120,000)	2015 Loan ($50,000,000)	2018 Loan ($20,000,000)
2026	805,800	4,265,000	2,405,000
2027	845,600	4,460,000	2,540,000
2028	887,400	4,660,000	2,710,000
2029	931,200	4,875,000	2,850,000
2030	977,400	-	-
	$ 4,447,400	$ 18,260,000	$ 10,505,000

Interest Payments

	General Fund	Timnath Development Authority	
December 31,	2018 Certificate of Participation ($9,120,000)	2015 Loan ($50,000,000)	2018 Loan ($20,000,000)
2026	173,448	722,031	415,385
2027	142,022	553,386	320,288
2028	109,044	378,063	220,454
2029	74,436	192,766	112,692
2030	38,118	-	-
	$ 537,068	$ 1,846,246	$ 1,068,819

Combined Debt Service Payments

	General Fund	Timnath Development Authority	
December 31,	2018 Certificate of Participation ($9,120,000)	2015 Loan ($50,000,000)	2018 Loan ($20,000,000)
2026	979,248	4,987,031	2,820,385
2027	987,622	5,013,386	2,860,288
2028	996,444	5,038,063	2,930,454
2029	1,005,636	5,067,766	2,962,692
2030	1,015,518	-	-
	$ 4,984,468	$ 20,106,246	$ 11,573,819

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**STATE:**
TOWN OF TIMNATH	ABBEY IRVINE AIRVINE@TIMNATHGOV.COM	COLORADO
		REPORT YEAR ENDING DATE(mm/yyyy):
		12/2025

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. Total (1 - (2 through 4))				

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 Assesments	0.00	a. Interest on investments	239,512.34
b. Non-property Taxes and Assessments Imposts	3,634,632.19	b. Other Misc. Local Receipts	59,020.89
c. Total (a + b)	$ 3,634,632.19	**c. Total (a + b)**	$ 298,533.23

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	359,969.55	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	32,125.78		
c. Total (a + b)	$ 32,125.78		
4. Total (1 + 2 + 3c)	$ 392,095.33	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	2,435,124.94
c. Construction Costs	2,297,995.00
d. Total Capital Outlay (a+ b + c)	$ 4,733,119.94

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	4,681,304.32
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 3,634,632.19
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 298,533.23
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 8,614,469.74
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 392,095.33
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 9,006,565.07

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 4,733,119.94
2. Maintenance:	2,338,395.27
3. Road and Street Services:	
a. Snow and Ice Removal	128,096.60
b. Other & Traffic Control Operations	333,277.40
c. Total (a + b)	$ 461,374.00
4. General Administration & Miscellaneous	285,332.23
5. Highway Law Enforcement and Safety	0.00
6. Total (1 through 5)	$ 7,818,221.44
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 7,818,221.44

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

STATISTICAL SECTION

Financial Trends

These schedules present information on the Town's financial performance over time.

Revenue Capacity

These schedules present trend information on the Town's most significant local revenue source, sales and use taxes.

Debt Capacity

These schedules present information on the Town's outstanding debt and that of overlapping governments.

Demographic and Economic Information

These schedules present information on the demographic and economic measures that affect the Town and its provision of services to its citizens.

Operating Information

These schedules present information on the Town's services it provides and activities it performs.

TOWN OF TIMNATH, COLORADO

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting; in thousand's)

	Fiscal Year Ended									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental activities										
Primary government										
Net investment in capital assets	$ 9,188	$ 13,779	19,457	$ 21,590	$ 25,843	$ 24,120	$ 36,683	$ 42,902	$ 61,768	$ 71,903
Restricted	214	537	760	1,230	2,054	4,231	8,563	5,623	6,179	5,632
Unrestricted	10,592	10,552	12,504	16,738	21,425	25,236	21,899	33,041	26,567	26,179
Total primary government net position	**$ 19,994**	**$ 24,868**	**$ 32,722**	**$ 39,558**	**$ 49,322**	**$ 53,586**	**$ 67,145**	**$ 81,566**	**$ 94,514**	**$ 103,714**

Source: The information for this table was obtained from the Statement of Net Position of this report.

TOWN OF TIMNATH, COLORADO

CHANGE IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting; in thousand's)

	Fiscal Year Ended									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Expenses										
Governmental activities:										
General government	2,429	$ 2,611	$ 3,414	$ 3,945	$ 4,040	$ 3,333	$ 3,777	$ 4,533	$ 5,988	$ 5,400
Community development	783	900	980	1,157	2,261	2,668	2,216	2,551	2,280	2,165
Highways and streets	6,451	5,448	6,020	8,044	5,589	10,518	6,618	6,644	9,112	16,034
Parks and recreation	244	256	442	614	738	969	1,148	1,709	5,038	3,867
Public safety	862	1,194	1,360	1,206	1,824	2,337	2,937	4,247	4,590	5,085
Interest on long-term debt	2,282	2,204	2,246	3,420	3,213	2,962	2,600	2,195	1,966	1,704
Total governmental activities expenses	**13,051**	**12,613**	**14,462**	**18,386**	**17,665**	**22,787**	**19,297**	**21,880**	**28,974**	**34,254**
Program Revenues										
Governmental activities:										
General government	84	70	114	110	371	195	576	1,716	3,033	1,772
Community development	600	670	801	1,194	2,558	2,800	1,798	2,105	2,318	2,924
Highways and streets	1,068	1,749	3,263	3,740	2,176	5,747	3,003	2,095	2,318	2,582
Parks and recreation	1,054	1,335	1,749	1,754	1,803	2,471	1,563	1,830	1,806	3,329
Public safety	85	185	275	262	263	423	218	526	261	239
Total governmental activities program revenues	**2,892**	**4,009**	**6,202**	**7,060**	**7,170**	**11,636**	**7,159**	**8,272**	**9,736**	**10,845**
Net (Expense) Revenue										
Governmental activities										
Total net (expenses) revenues	**(10,159)**	**(8,604)**	**(8,260)**	**(11,326)**	**(10,496)**	**(11,151)**	**(12,138)**	**(13,608)**	**(19,238)**	**(23,409)**
General Revenues										
Governmental activities:										
Sales and use tax	7,140	8,379	9,453	11,001	12,308	14,512	15,426	16,112	17,271	17,744
Tax increment financing (TIF) - Property	4,348	4,666	5,692	6,106	7,397	7,669	8,812	8,949	11,145	11,851
Franchise fees	148	173	189	235	235	330	391	429	448	465
Property taxes, levied for general purpose	73	95	134	153	243	288	392	385	719	704
Other revenues	143	141	364	139	241	619	2	82	217	111
Interest and investment earnings	81	134	302	528	171	37	674	2,072	2,352	1,734
Gain on disposition of capital assets	-	-	112	-	-	-	-	-	34	-
Total governmental activities	**11,934**	**13,587**	**16,245**	**18,162**	**20,595**	**23,455**	**25,697**	**28,029**	**32,186**	**32,608**
Change in Net Position										
Governmental activities										
Total primary government	**$ 1,775**	**$ 4,983**	**$ 7,986**	**$ 6,836**	**$ 10,099**	**$ 12,304**	**$ 13,560**	**$ 14,421**	**$ 12,948**	**$ 9,199**

Source: The information for this table was obtained from the Statement of Activities of this report.

TOWN OF TIMNATH, COLORADO

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting; in thousand's)

	Fiscal Year Ended									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General Fund										
Nonspendable	$ -	$ -	$ 26	$ -	$ -	$ -	$ -	$ -	$ 63	$ 141
Restricted	1,089	537	5,244	1,727	2,049	4,226	3,508	3,664	3,810	706
Committed	2,790	4,548	7,975	11,788	15,380	14,324	15,298	18,414	18,069	4,508
Assigned	-	-	-	-	-	7,402	-	8,769	9,146	5,391
Unassigned	6,690	5,573	6,178	6,830	10,033	10,285	16,929	13,393	5,478	2,119
Total general fund	**10,568**	**10,658**	**19,424**	**20,346**	**27,462**	**36,237**	**35,736**	**44,241**	**36,566**	**12,865**
All other governmental funds										
Restricted	9,722	2,007	21,782	15,489	10,826	6,156	5,055	1,958	2,510	4,926
Committeed	-	-	-	-	-	-	-	-	-	21,517
Assigned	-	-	-	5	-	-	-	-	-	-
Unassigned	-	-	-	(6)	(1)	-	-	-	-	-
Total all other governmental funds	**$ 9,722**	**$ 2,007**	**$ 21,782**	**$ 15,494**	**$ 10,825**	**$ 6,156**	**$ 5,055**	**$ 1,958**	**2,510**	**26,443**
Total governmental fund balances										
General Fund	$ 10,568	$ 10,658	$ 19,424	$ 20,346	$ 27,462	$ 36,237	$ 35,736	$ 44,241	$ 36,566	$ 12,865
Capital Improvement Fund	-	-	-	-	-	-	-	-	-	-
Capital Expansion Fund	-	-	-	-	-	-	-	-	-	19,294
Timnath Development Authority (TDA)	9,720	2,007	21,781	15,492	10,814	6,152	5,055	1,958	2,510	4,926
Parks and Recreation Fund	3	-	2	2	6	5	-	-	-	2,223
Timnath Landings GID*	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Timnath Foundation	-	-	-	-	5	-	-	-	-	-
Total governmental fund balances	**$ 20,291**	**$ 12,665**	**$ 41,206**	**$ 35,840**	**$ 38,287**	**$ 42,393**	**$ 40,790**	**$ 46,199**	**$ 39,076**	**$ 39,308**

Source: The information for this table was obtained from the Balance Sheet.

TOWN OF TIMNATH, COLORADO

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting; in thousand's)

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Sales and use tax	7,153	8,336	9,401	10,945	12,247	14,443	15,426	16,112	17,271	17,744
Property tax	4,421	4,760	5,826	6,259	7,640	7,957	9,203	9,335	11,864	12,554
Franchise fees	148	173	189	235	235	330	315	429	449	465
Other taxes	30	43	52	56	60	70	78	82	105	111
Fines and forfeitures	30	35	52	38	52	112	138	131	158	98
Charges for services	1,818	2,859	4,806	5,237	4,206	8,076	3,982	3,373	4,978	7,171
Intergovernmental	510	431	506	553	593	786	1,031	995	2,291	1,092
Investment earnings	20	135	302	528	171	37	674	2,072	2,352	1,734
Licenses and permits	634	684	838	1,325	2,080	2,662	1,845	2,161	2,147	2,338
Miscellaneous	43	53	164	139	481	560	163	187	161	137
Total revenues	**14,807**	**17,509**	**22,136**	**25,315**	**27,765**	**35,033**	**32,856**	**34,875**	**41,776**	**43,444**
Expenditures:										
Current:										
General government	2,346	2,435	3,162	3,865	3,787	3,012	4,051	3,628	5,839	5,094
Community development	778	897	977	1,161	2,258	2,660	2,215	2,527	2,281	2,113
Highways and streets	1,268	1,531	1,669	2,067	2,445	2,453	3,715	3,826	2,925	3,239
Parks and recreation	168	214	298	283	488	556	516	881	1,444	2,645
Public safety	786	950	1,056	1,260	1,799	2,164	2,778	3,826	4,130	4,274
Capital outlay	12,592	14,804	10,102	15,906	6,752	14,732	15,814	6,364	23,376	17,009
Debt service:										
Principal	1,837	2,189	3,287	3,900	4,363	4,992	6,331	6,879	7,148	7,727
Interest	2,290	2,201	2,275	3,437	3,230	3,039	2,600	2,217	1,988	1,730
Total expenditures	**22,064**	**25,221**	**22,826**	**31,877**	**25,122**	**33,608**	**38,019**	**30,149**	**49,131**	**43,830**
Excess (deficiency) of revenues over (under) expenditures	**(7,257)**	**(7,713)**	**(691)**	**(6,562)**	**2,643**	**1,425**	**(5,163)**	**4,727**	**(7,355)**	**(386)**
Other Financing Sources (Uses):										
Developer advances	-	-	-	1,190	144	2,681	937	72	-	-
Lease financing[1]	-	-	-	-	-	-	2,622	213	198	46
Subscription financing[2]	-	-	-	-	-	-	-	397	-	494
Proceeds from debt issuance	-	-	29,120	-	-	-	-	-	-	-
Debt refunding from debt issuance	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of asset	-	-	112	-	-	-	-	-	34	79
Transfers from other funds	-	5,830	3,989	9,357	11,431	12,262	9,901	12,216	11,304	42,862
Transfers to other funds	-	(5,830)	(3,989)	(9,357)	(11,431)	(12,262)	(9,901)	(12,216)	(11,304)	(42,862)
Total other financing sources (uses)	**-**	**-**	**29,232**	**1,190**	**144**	**2,681**	**3,560**	**682**	**232**	**619**
Net change in fund balances	**$ (7,257)**	**$ (7,713)**	**$ 28,541**	**$ (5,372)**	**$ 2,787**	**$ 4,106**	**$ (1,603)**	**$ 5,409**	**$ (7,123)**	**$ 232**
Debt service as a percentage of noncapital expenditures	44%	42%	44%	46%	41%	43%	40%	38%	29%	26%

Source: The information for this table was obtained from the Statement of Revenue, Expenditures, and Changes in Fund Balances.

[1] Lease Financing was implemented by the Town in 2022 from GASB Statement No. 87. Information prior to 2022 is not available.

[2] Subscription Financing was implemented by the Town in 2023 from GASB Statement No. 96. Information prior to 2023 is not available.

TOWN OF TIMNATH, COLORADO

TAXABLE SALES

Last Ten Fiscal Years

Sales Tax Collections in Aggregate of All Filers[1]

Fiscal Year	General Fund	Timnath Development Authority	Total Sales Tax
2016	1,393,776	4,294,672	5,688,448
2017	1,564,516	4,787,520	6,352,036
2018	1,807,091	5,228,621	7,035,712
2019	2,422,662	5,794,283	8,216,945
2020	2,597,623	6,754,246	9,351,869
2021	3,242,044	7,379,944	10,621,988
2022	4,244,933	8,217,096	12,462,029
2023	4,550,523	8,017,934	12,568,457
2024	4,837,071	8,529,316	13,366,387
2025	5,475,258	8,751,230	14,226,488

Source: Town of Timnath Finance Department

[1] As a Home Rule City, the Town of Timnath started collecting sales tax in 2009. The taxes collected within the Town are 3.0%.

Note:

(a) The Town has experienced consistent growth over the last ten years; however, Colorado State Statutes and the Town of Timnath Ordinances prohibit disclosure of individual sales tax returns. As the Town continues to grow, the specific industry segments may be disclosed.

TOWN OF TIMNATH, COLORADO

SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year Ended December 31,	State	Larimer County	Town		
			Sales	Food & Home Consumption	Lodging
2016	2.90%	0.65%	3.00%	2.25%	3.00%
2017	2.90%	0.65%	3.00%	2.25%	3.00%
2018	2.90%	0.55%	3.00%	2.25%	3.00%
2019	2.90%	0.80%	3.00%	2.25%	3.00%
2020	2.90%	0.80%	3.00%	2.25%	3.00%
2021	2.90%	0.80%	3.00%	2.25%	3.00%
2022	2.90%	0.80%	3.00%	2.25%	3.00%
2023	2.90%	0.80%	3.00%	2.25%	3.00%
2024	2.90%	0.80%	3.00%	2.25%	3.00%
2025	2.90%	0.80%	3.00%	2.25%	3.00%

Source: State of Colorado CRS (39) 26-105.1(a), Larimer County Annual Reports and Budgets and the Town of Timnath Finance Department.

TOWN OF TIMNATH, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent	Total Collections to Date	
		General Fund Collected[1]	Percentage of Levy		Amount Collected	Percentage of Levy
2016	73,426	73,288	100%	-	73,288	100%
2017	94,675	94,529	100%	-	94,529	100%
2018	134,121	133,825	100%	(25)	133,800	100%
2019	152,949	151,974	99%	(776)	151,199	99%
2020	248,804	242,730	98%	(102)	242,628	98%
2021	288,879	287,902	100%	(614)	287,288	99%
2022	393,015	391,614	100%	275	391,889	100%
2023	397,920	397,446	100%	(12,580)	384,866	97%
2024	688,420	688,688	100%	(2)	688,687	100%
2025	726,305	721,036	99%	(19,195)	701,841	97%

Source: Town of Timnath Finance Department

[1] Collections include prior year property taxes levied but deemed uncollectible during 2014-2017.

Source: Town of Timnath Finance Department

[1] Collections in 2014 and 2015, included prior year property taxes collected that were deemed uncollectible at that time.

TOWN OF TIMNATH, COLORADO

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	Town	Overlapping Rates								
Fiscal Year Ended December 31,	Tax Rate	Poudre School District	Larimer County	Fire Protection Districts	Poudre River Public Library District	Health District of Northern Larimer County	Water & Sanitation Districts	Pest Control District	Metro Districts	Total Direct and Overlapping
2016	6.749	52.630	21.882	7.248 - 10.595	3.016	2.167	0.476 - 1.500	0.142	35.000 - 35.000	122.561 - 133.681
2017	6.688	52.630	22.521	7.714 - 10.595	3.034	2.167	0.500 - 1.500	0.142	35.000 - 35.000	123.708 - 134.277
2018	6.688	52.630	22.092	7.699 - 10.595	3.000	2.167	0.500 - 1.500	0.142	35.000 - 49.750	123.230 - 148.564
2019	6.688	52.630	22.403	7.559 - 10.595	3.000	2.167	0.494 - 1.500	0.142	35.000 - 49.750	123.395 - 148.875
2020	6.688	56.000	21.863	8.061 - 10.665	3.000	2.167	0.470 - 1.500	0.142	16.699 - 50.350	108.402 - 152.375
2021	6.688	55.000	22.458	8.058 - 10.639	3.000	2.167	0.500 - 1.500	0.142	16.699 - 50.349	108.024 - 151.943
2022	6.688	54.207	22.425	7.994 - 10.639	3.017	2.167	0.500 - 1.500	0.142	16.699 - 50.000	107.151 - 150.785
2023	6.688	55.865	22.436	8.250 - 10.824	3.018	2.167	0.493 - 1.500	0.142	16.699 - 54.924	109.070 - 157.564
2024	6.688	57.370	22.461	8.250 - 11.047	3.015	2.167	0.403 - 1.360	0.142	17.821 - 61.593	111.629 - 165.843
2025	6.688	54.090	22.496	8.535 - 11.607	3.020	2.183	0.466 - 1.350	0.142	13.356 - 57.118	104.288 - 158.694

Source: Larimer County Assessor's Office

Note: Tax rates are per $1,000 of assessed value. There are several water and sanitation, fire protection, and metropolitan district entities located within the Town that have various mill levies.

TOWN OF TIMNATH, COLORADO

ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(in thousand's)

	Assessed Value							Net (AV)		RMV	
Fiscal Year	Residential	Commercial	Agricultural, Natural Resources & Utilities	Industrial	Vacant Land	Total Assessed Value (AV)	Tax Increment	General Fund	Timnath Mill Levy Rate	Estimated Real Market Value (RMV)	Assessed Value as a Percentage of RMV
2016	36,339,815	11,836,901	303,155	478,059	14,090,081	63,048,011	52,168,471	10,879,540	6.749	559,393,330	11%
2017	43,650,973	12,448,426	299,686	499,913	12,379,282	69,278,280	55,122,319	14,155,961	6.688	874,897,870	8%
2018	53,669,308	15,212,352	335,324	490,718	18,354,182	88,061,884	68,007,907	20,053,977	6.688	874,897,870	10%
2019	64,376,616	15,918,921	355,365	481,139	14,636,937	95,768,978	72,899,755	22,869,223	6.688	1,002,371,090	10%
2020	79,238,321	21,578,691	316,637	601,698	24,211,393	125,946,740	88,745,168	37,201,572	6.688	1,269,291,140	10%
2021	95,148,376	21,899,705	314,680	589,672	17,459,087	135,411,520	92,217,954	43,193,566	6.688	1,469,577,940	9%
2022	114,815,164	27,385,836	2,111,550	551,006	21,146,528	166,010,084	107,245,902	58,764,182	6.688	1,782,162,640	9%
2023	127,569,673	25,551,582	2,754,918	565,346	9,626,990	166,068,509	106,570,975	59,497,534	6.688	1,969,520,180	8%
2024	172,323,925	38,052,852	3,021,543	918,535	26,343,385	240,660,240	137,726,665	102,933,575	6.688	2,816,962,890	9%
2025	183,297,277	42,260,586	3,137,972	1,148,199	24,290,846	254,134,880	145,536,697	108,598,183	6.688	2,989,714,500	9%

Source: Larimer County Assessor's Office

Non-residential real property assessment rates were as follows:

Fiscal Year	Rate	
2015 – 2022	29.0%	
2023-2025	27.9%	*and reduces each parcel actual value by $30,000 prior to assessment rate*

Residential real property assessment rates were as follows:

Fiscal Year	Rate	
2015 – 2017	7.96%	
2018 – 2019	7.20%	
2020 – 2022	7.15%	
2023	6.77%	*and reduces each parcel actual value by $15,000 prior to assessment rate*
2024 - 2025	6.70%	*and reduces each parcel actual value by $55k per assessment rate*

Note:

(a) Total Assessed Value is reduced by the Tax Increment for the general fund Net Assessed Value. The tax increment value is captured within the Timnath Development Authority.

(b) The Town is geographically located primarily in Larimer County, but also has two parcels in Weld County. Due to the immateriality of the Weld County assessments, these are excluded from the schedule above.

TOWN OF TIMNATH, COLORADO

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	2025			2016		
Taxpayer	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Costco	5,565,510	1	2%	4,586,402	2	7%
Wal-Mart	5,533,542	2	2%	4,593,797	1	7%
RG Timnath Ranch LLC	4,872,690	3	2%			
Timnath Trail LLC	4,802,193	4	2%			
Public Service Co of CO (Xcel)	3,557,100	5	1%			
Connell LLC	3,313,414	6	1%			
CCW Development LLC	2,666,385	7	1%			
Timnath Lakes CO	2,486,133	8	1%			
Harmony LLC	2,223,346	9	1%	915,339	6	1%
SC Goodman Condos LLC	1,785,537	10	1%			
NVH WIP LLLP				2,040,196	4	3%
Timnath Ranch LLC				1,089,448	5	2%
Serratoga Falls First Filing LLC				614,336	8	1%
Cache La Poudre Investors				790,036	7	1%
Melody Homes Inc.				3,095,361	3	5%
Chinn Family Limited Liability				437,668	9	1%
Harftord Construction LLC				277,878	10	0%
Subtotal, Top Ten Taxpayers	36,805,850		15%	18,440,461		29%
All Other Taxpayers within the Town	217,329,030		90%	44,607,550		71%
Total Taxpayers	$ 254,134,880		106%	$ 63,048,011		100%

Source: Larimer County Assessor's Office

TOWN OF TIMNATH, COLORADO

RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Certificate of Participation	Lease Obligations	SBITAs	Other Obligations	Revenue Loans	Total Primary Government	Percentage of Personal Income[1]	Town Population[2]	Per Capita
2016	-	108,779	-	821,420	48,400,000	49,330,199	107%	-	-
2017	-	105,738	-	782,379	46,250,000	47,138,117	95%	960	49,102
2018	9,120,000	102,112	-	1,675,437	63,345,000	74,242,549	81%	1,700	43,672
2019	8,545,100	129,489	-	2,388,631	60,020,000	71,083,220	45%	2,811	25,288
2020	7,941,800	253,391	-	2,056,283	56,260,000	66,511,474	17%	6,739	9,870
2021	7,308,700	149,343	-	4,261,108	51,995,000	63,714,151	12%	7,797	8,172
2022	6,644,300	720,219	-	4,952,676	46,975,000	59,292,195	9%	9,344	6,345
2023	5,947,000	452,772	166,553	4,952,676	41,195,000	52,714,001	6%	10,646	4,952
2024	5,215,300	232,003	127,622	4,952,676	35,130,000	45,657,601	5%	10,848	4,209
2025	4,447,400	1,627,897	355,781	4,952,676	28,765,000	40,148,754	4%	11,600	3,461

Source: Town of Timnath Finance Department

[1] Calculation uses the personal income (in thousands) provided on schedule Demographic and Economic Statistics divided by the total debt of the primary government.

[2] Population data sourced from U.S. Census Bureau and World Population View.

* Information unavailable

TOWN OF TIMNATH, COLORADO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Percentage Applicable to Timnath[1]	Timnath's Share of Debt
Town of Timnath - Debt Applicable to Debt Limit	$ 40,148,754	100%	$ 40,148,754
Poudre R-1 School District	360,483,934	5%	$ 17,569,789
Total			$ 57,718,543

Source: Governmental entity.

[1] Applicable percents are calculated from the ratio of gross assessed valuation of taxable property within the Town to assessed valuation of the overlapping unit.

TOWN OF TIMNATH, COLORADO

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Policy 1

		2016		2017		2018		2019		2020
Assessed Valuation	$	63,048,011	$	69,278,280	$	88,061,884	$	95,768,978	$	125,946,740
Debt Limit 15% of Town's Assessed Value	$	9,457,202	$	10,391,742	$	13,209,283	$	14,365,347	$	18,892,011
Total net debt applicable to the limit		-		-		9,120,000		8,545,100		7,941,800
Legal debt margin	**$**	**9,457,202**	**$**	**10,391,742**	**$**	**4,089,283**	**$**	**5,820,247**	**$**	**10,950,211**
Total net debt applicable to the limit as a percentage of debt limit		0.00%		0.00%		69.04%		59.48%		42.04%

		2021		2022		2023		2024		2025
Assessed Valuation	$	135,411,520	$	166,010,084	$	166,068,509	$	240,660,240	$	254,134,880
Debt Limit 15% of Town's Assessed Value	$	20,311,728	$	24,901,513	$	24,910,276	$	36,099,036	$	38,120,232
Total net debt applicable to the limit		7,308,700		6,644,300		5,947,000		5,215,300		4,447,400
Legal debt margin	**$**	**13,003,028**	**$**	**18,257,213**	**$**	**18,963,276**	**$**	**30,883,736**	**$**	**33,672,832**
Total net debt applicable to the limit as a percentage of debt limit		35.98%		26.68%		23.87%		14.45%		11.67%

Policy 2

		2016		2017		2018		2019		2020
Government Expenditures	$	10,768,562	$	10,409,062	$	12,216,068	$	14,965,990	$	14,452,456
Debt Limit 15% of Government Expenditures	$	1,615,284	$	1,561,359	$	1,832,410	$	2,244,899	$	2,167,868
Total net debt applicable to the limit		-		-		-		1,020,868		1,021,155
Legal debt margin	**$**	**1,615,284**	**$**	**1,561,359**	**$**	**1,832,410**	**$**	**1,224,031**	**$**	**1,146,713**
Total net debt applicable to the limit as a percentage of debt limit		0.00%		0.00%		0.00%		45.48%		47.10%

		2021		2022		2023		2024		2025
Government Expenditures	$	19,825,322	$	16,696,767	$	21,878,836	$	28,973,526	$	34,254,122
Debt Limit 15% of Government Expenditures	$	2,973,798	$	2,504,515	$	3,281,825	$	4,346,029	$	5,138,118
Total net debt applicable to the limit		1,021,454		977,176		956,428		963,634		971,297
Legal debt margin	**$**	**1,952,344**	**$**	**1,527,339**	**$**	**2,325,397**	**$**	**3,382,395**	**$**	**4,166,821**
Total net debt applicable to the limit as a percentage of debt limit		34.35%		39.02%		29.14%		22.17%		18.90%

Source: Town of Timnath Finance Department and Larimer County Tax Assessor

Note:

(a) For the purposes of this calculation, the Town COP is the only debt attributable to this policy.

(b) Town debt policy will strive to limit its general obligation debt to 15% of the Town's total assessed valuation. In addition, it will strive to maintain its general obligation debt service costs for government activities at a level of not greater than 15% of the Town's governmental expenditures. TDA and Revenue bonds are not subject to the debt level restrictions.

TOWN OF TIMNATH, COLORADO

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

	Timnath Development Authority (TDA) 2015 and 2018 Notes Payable									
Fiscal Year	Gross Property TIF	Less Shareback Per IGAs	Net Property TIF	Direct Operating Expenses	Net Revenue Available for Debt Service	Pledged Sales Tax Revenue to Meet Debt Service	Principal	Interest	Total Debt Service	Coverage Ratio
2016	6,016,779	(1,668,569)	4,348,210	(2,463,219)	1,884,991	2,172,009	1,800,000	2,257,000	4,057,000	1.00
2017	6,459,104	(1,793,168)	4,665,936	(2,149,904)	2,516,032	1,803,771	2,150,000	2,169,803	4,319,803	1.00
2018	8,165,249	(2,473,360)	5,691,889	(2,412,372)	3,279,517	1,498,501	2,705,000	2,073,018	4,778,018	1.00
2019	8,754,662	(2,648,316)	6,106,346	(2,654,941)	3,451,405	2,869,970	3,325,000	2,996,375	6,321,375	1.00
2020	11,147,726	(3,750,709)	7,397,017	(848,060)	6,548,957	-	3,863,300	2,233,386	6,096,686	1.07
2021	11,613,759	(3,944,805)	7,668,954	(576,118)	7,092,836	-	4,048,100	2,052,170	6,100,270	1.16
2022	13,325,435	(4,513,878)	8,811,557	(1,133,410)	7,678,147	-	4,234,400	1,867,480	6,101,880	1.26
2023	13,501,872	(4,552,776)	8,949,096	(509,588)	8,439,508	-	5,780,000	1,857,469	7,637,469	1.11
2024	17,348,101	(6,203,541)	11,144,560	(718,653)	10,425,907	-	6,065,000	1,637,844	7,702,844	1.35
2025	19,026,165	(7,175,499)	11,850,666	(670,458)	11,180,208	-	6,365,000	1,385,293	7,750,293	1.44

Source: Town of Timnath Finance Department

Note: Per the loan agreements of the TDA, additional pledged sales tax will be utilized in instances where the property tax increment is insufficient to meet the debt obligations.

TOWN OF TIMNATH, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Median Household Income	Per Capita Personal Income	Personal Income (in thousands)	Median Age	% of High School Graduate or Higher	Unemployment Rate (Larimer County)
2016	957	122,083	48,079	46,012	34.3	95.9	2.80%
2017	960	122,083	51,432	49,375	34.3	95.9	2.40%
2018	1,700	122,083	53,689	91,271	36.2	98.58	2.70%
2019	2,811	162,976	56,220	158,034	36.2	98.58	2.40%
2020	6,739	162,976	59,762	402,736	36.2	98.58	6.10%
2021	7,797	162,976	65,501	510,711	36.2	98.58	5.00%
2022	9,344	162,976	67,849	633,981	36.2	98.58	2.90%
2023	10,646	162,976	79,715	848,646	36.2	98.59	3.10%
2024	10,848	172,206	88,711	962,337	36.0	98.9	4.10%
2025	11,600	178,257	91,675	1,063,430	39.2	99.4	4.40%

Sources:

- Population Data: U.S. Census Bureau and World Population View
- Median Household Income: US Census Bureau, American Community Survey Table
- Personal Per Capita Income: Bureau of Economic Analysis - CAINC1 County and MSA personal income summary
- Median Age: US Census Bureau, American Community Survey Table
- % High School Graduate: US Census Bureau, American Community Survey Table
- Unemployment Rate: Bureau of Labor Statistics

TOWN OF TIMNATH, COLORADO

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2025			2016 - not available[1]		
Employer	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Walmart	254	1	12%			
Mill Brothers Landscape & Nursery	220	2	10%			
Costco	157	3	7%			
Town of Timnath	82	4	4%			
Timnath Middle High School	80	5	4%			
Timnath Elementary School	66	6	3%			
Alpine Cabinets	60	7	3%			
Bethke Elementary School	60	8	3%			
Landmark Home Harmony Townhomes	41	9	2%			
Hartford Homes	38	10	2%			
Subtotal, Top Ten Employers	1,058		50%	-		0%
All Other Employers within the Town	1,074		50%	-		0%
Total Employed	2,132		100%	-		0%

Source: Larimer County Economic and Workforce Development

[1] Data not available. Larimer County did not collect data prior to 2023 and previous sources to obtain data are not available.

TOWN OF TIMNATH, COLORADO

FULL-TIME EQUIVALENT OF TOWN GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function / Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	5.00	6.00	5.00	5.00	8.00	10.00	10.00	12.00	13.67	17.67
Public Safety	7.00	7.00	8.00	10.00	13.00	15.00	17.00	23.00	27.00	29.00
Community Development	1.00	1.00	1.00	1.00	2.00	3.00	4.00	5.00	8.00	8.00
Parks and Recreation	1.00	1.00	2.00	2.00	2.00	4.00	3.00	6.00	12.76	15.83
Public Works	3.00	3.00	4.00	4.00	6.00	7.00	7.00	7.00	10.00	11.75
Total FTEs	**17.00**	**18.00**	**20.00**	**22.00**	**31.00**	**39.00**	**41.00**	**53.00**	**71.43**	**82.25**
Town Population	957	960	1,700	2,811	6,739	7,797	9,344	10,646	10,848	11,600
FTEs per 1,000 of population	17.76	18.75	11.76	7.83	4.60	5.00	4.39	4.98	6.58	7.09

Source: Town of Timnath Finance and Human Resource Departments

TOWN OF TIMNATH, COLORADO

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function / Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
# of New Businesses Licensed	83	92	177	299	242	571	607	811	936	330
# of Visitors to Events	11,350	12,952	9,547	12,917	694	10,727	22,114	17,741	21,209	24,093
Public Safety										
Traffic Citations	*	*	*	*	*	1,271	1,391	1,203	1,615	1,314
Total Arrests	*	*	*	*	*	148	186	182	254	345
Calls for Service	*	*	*	*	*	6,574	12,101	11,645	10,830	9,731
Community Development										
# of Building Permits Issued	462	792	624	756	841	1,037	844	917	925	716
# of Building Inspections Performed	5,474	8,801	7,718	14,237	15,702	19,049	17,270	13,761	17,813	11,577
# of Plan Reviews	694	1,143	1,248	1,589	1,711	1,973	1,579	1,911	1,669	1,316
# of Land Use Reviews	28	21	11	11	17	23	34	31	49	34
Parks & Recreation										
# of Trees	*	*	*	*	*	*	*	649	654	654
# of Reservoir Permits	*	*	*	*	*	1,453	2,038	2,216	1,583	1,630
# of Field, Pavilion and Room Reservations	*	*	*	*	*	*	*	*	1,089	1,229

* Information is not available.

Source: Town of Timnath Departments

TOWN OF TIMNATH, COLORADO

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function / Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Operating Buildings	1.0	1.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Town-owned Buildings	3.0	4.0	5.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Land Parcel	2.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Public Safety										
Police Stations	-	-		-	-	-	-	1	1	1
Patrol Unit Vehicles	*	*	*	11	14	16	24	24	27	30
Parks & Recreation										
# of Parks Maintained	*	*	*	*	*	*	3	3	3	3
Public Works										
Miles of Streets (street lane miles)	88.3	100.9	105.8	118.1	125	130	138.2	144.6	150.7	150.7
# of Traffic signals	*	*	*	*	*	*	*	8	8	9
# of Snowplows									5	5

* Information is not available.

Source: Town of Timnath Capital Asset Records and Departments