

**TOWN OF TIMNATH, COLORADO**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2020**

**TOWN OF TIMNATH  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>III</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION</b>	<b>4</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>5</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>7</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>8</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>50</b>
<b>GRANTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>54</b>
<b>TIMNATH DEVELOPMENT AUTHORITY – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>55</b>
<b>SPECIAL REVENUE FUND - TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>56</b>
<b>TIMNATH FOUNDATION – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>57</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)</b>	<b>58</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION (OPEB)</b>	<b>59</b>

**TOWN OF TIMNATH  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SUPPLEMENTARY INFORMATION**

<b>CAPITAL PROJECTS FUND - TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b>	<b>61</b>
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>62</b>
<b>SCHEDULE OF DETAILED CAPITAL ASSETS</b>	<b>64</b>
<b>SCHEDULE OF IMPACT FEES</b>	<b>66</b>
<b>LOCAL HIGHWAY FINANCE REPORT</b>	<b>68</b>



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Timnath, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Timnath (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Timnath Landing General Improvement District (the District), which represents less than .1% of the Town's assets and revenue, and whose funds are reported in the Town's financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts included for the District is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Timnath, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

|

**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through X and the budgetary comparison, pension, and OPEB information on pages 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information on pages 61 through 66 and the local highway finance report on pages 68 and 69 (together, the information) are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
June 30, 2021

**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

The management of the Town of Timnath (the Town) offers the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2020.

**Financial Highlights**

- On a government-wide level, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$49,322,299 (net position) at the close of the fiscal year.
- The Town's governmental funds reported combined ending fund balances of \$38,286,601 at the close of the fiscal year. Of this amount, \$12,874,412 is restricted for debt service, capital projects, conservation trust, grants, and emergencies, \$15,380,409 is committed for other capital improvements and working capital reserve, and \$10,031,780 is unassigned.
- Total net position increased by \$10,099,241 or 26%, mainly attributable to the increase in the Town's tax revenues and charges for services.
- Total cash and investments increased by \$1,505,736 or 4% from the prior year, mainly attributable to increased tax and program revenue offset by use of Timnath Development Authority project account for capital projects.
- Tax revenues increased by \$2,687,498 or 16% from the prior year.
- General Fund expenditures decreased by \$4,064,186 as compared to the prior year. A significant portion of this decrease was associated with capital costs in infrastructure and the construction of the Town Center that occurred in 2019.

**Overview of the Financial Statements**

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

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

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

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

**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The six funds of the Town - General Fund, Grant Fund, Timnath Development Authority (TDA) Fund (presented as a blended component unit), Special Revenue-Timnath Landing GID (presented as a blended component unit), Capital Projects-Timnath Landing GID (presented as a blended component unit), and Timnath Foundation (presented as a blended component unit) – are governmental funds. The Foundation was dissolved during the year, therefore 2020 will be the final year of reporting this as a fund in the Town's financial statements.

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

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

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

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 8-48 of this report.

**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

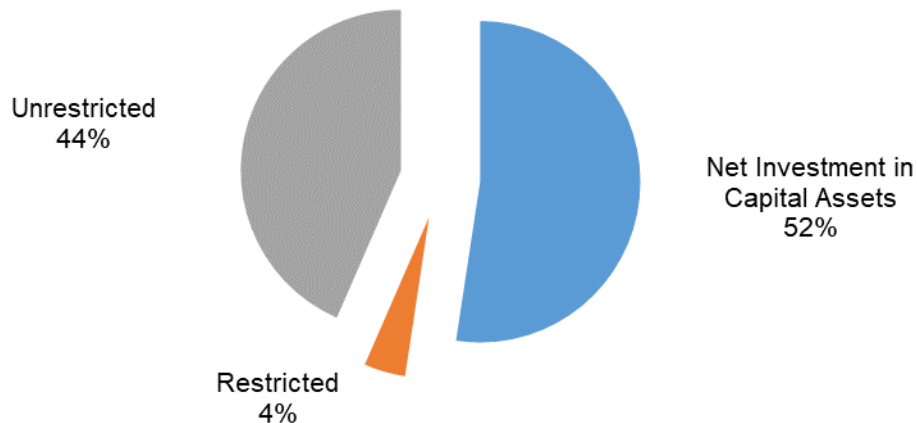
**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets related to governmental activities exceeded liabilities by \$49,322,299 at the end of the year.

**Net Position**

	December 31,	
	2020	2019 restated
Current Assets	\$ 48,513,316	\$ 46,104,601
Capital Assets	79,803,223	77,009,673
Total Assets	128,316,539	123,114,274
Deferred Outflow of Resources	373,327	653,227
Total Deferred Outflow of Resources	373,327	653,227
Current Liabilities	2,520,281	3,555,511
Noncurrent Liabilities	68,282,965	73,646,283
Total Liabilities	70,803,246	77,201,794
Deferred Inflow of Resources	8,564,321	7,342,649
Total Deferred Inflow of Resources	8,564,321	7,342,649
Net Investment in Capital Assets	25,843,094	21,589,905
Restricted	2,054,382	1,229,839
Unrestricted	21,424,823	16,403,314
Total Net Position	\$ 49,322,299	\$ 39,223,058

**NET POSITION - BY CATEGORY**



Net investment in capital assets comprises 52% of the Town's net position. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.



**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

An additional 4% of the Town's net position represents resources that are subject to restrictions as to how they can be used and are not currently available for the Town's ongoing obligations (e.g. emergency/TABOR reserve, conservation trust funds, grants, debt service, and capital projects). The remaining 44% of the Town's net position is unrestricted and may be used to meet the Town's future expenditures.

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

**Change in Net Position**

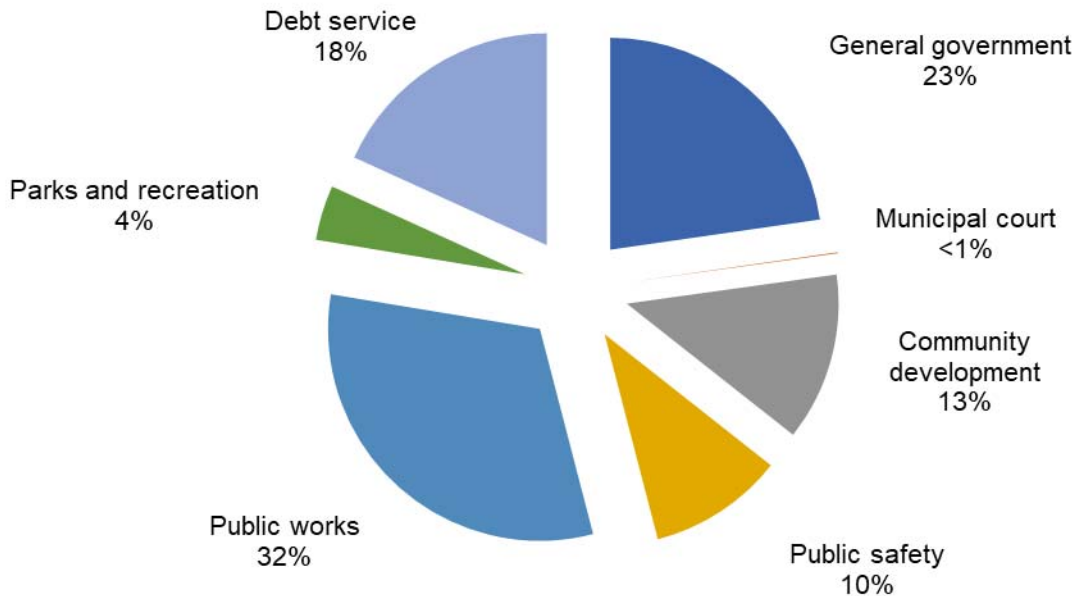
	December 31,	
	2020	2019
Revenue:		
Program Revenues:		
Charges for Services	\$ 6,341,356	\$ 6,151,144
Operating Grants and Contributions	496,921	299,496
Capital Grants and Contributions	331,448	274,224
General Revenues:		
Property Taxes	242,822	152,737
Sales Taxes	9,351,869	8,236,945
TIF and Other Taxes	10,353,311	8,870,822
Franchise Fees	234,597	235,043
Interest Income	171,122	528,212
Other Revenues	241,182	138,517
Total Revenues	27,764,628	24,887,140
Expenses:		
General Government	4,026,154	3,928,362
Municipal Court	14,151	16,883
Community Development	2,261,025	1,156,713
Public Safety	1,823,753	1,205,986
Public Works	5,588,997	8,043,842
Parks and Recreation	738,376	614,204
Interest and Related Costs on		
Long-Term Debt	3,212,931	3,419,729
Total Expenses	17,665,387	18,385,719
<b>CHANGE IN NET POSITION</b>	10,099,241	6,501,421
Net Position - Beginning of Year, as restated	39,223,058	32,721,637
<b>NET POSITION - END OF YEAR</b>	\$ 49,322,299	\$ 39,223,058

**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

The Town's net position related to governmental activities increased by \$10,099,241 during the current fiscal year. Several key highlights of the statement of activities during 2020 are as follows:

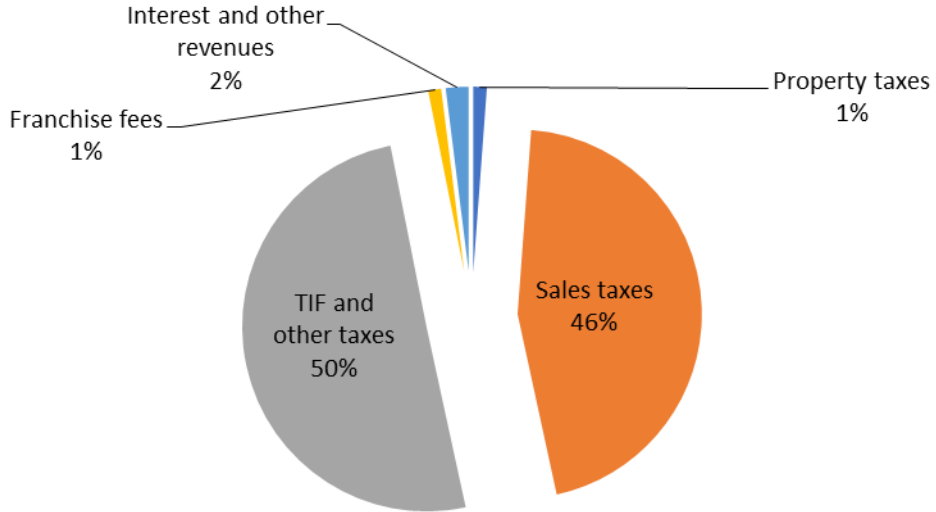
- 2020 charges for services increased by 3% from the prior year. This increase was related to increases in impact and development fees received by the Town from residential and commercial development.
- 2020 operating and capital grants and contributions increased by 44% from the prior year. In 2020, the Town received \$210,711 in federal Coronavirus Aid, Relief, and Economic Security Act (CARES) grant funding to offset additional expenses incurred as a result of the COVID-19 pandemic.
- Total taxes increased by 16%. This can be attributed to residential property growth, increased property assessments valuations, increased sales tax from retailers within the Town, and an increase in remittance of sales taxes from online retailers.
- TIF and other taxes increased by 17% from the prior year. This was primarily due to new residential and commercial development.
- Interest income decreased by 68% as compared to 2019 due to interest rate decreases as well as lower fund balances in the Timnath Development Authority loan proceeds as compared to 2019.
- Total aggregate expenses for governmental activities decreased by 4% as compared to the prior year. The main factor contributing to this net decrease is that 2019 included more capital project spending.

**EXPENSES - GOVERNMENTAL ACTIVITIES**

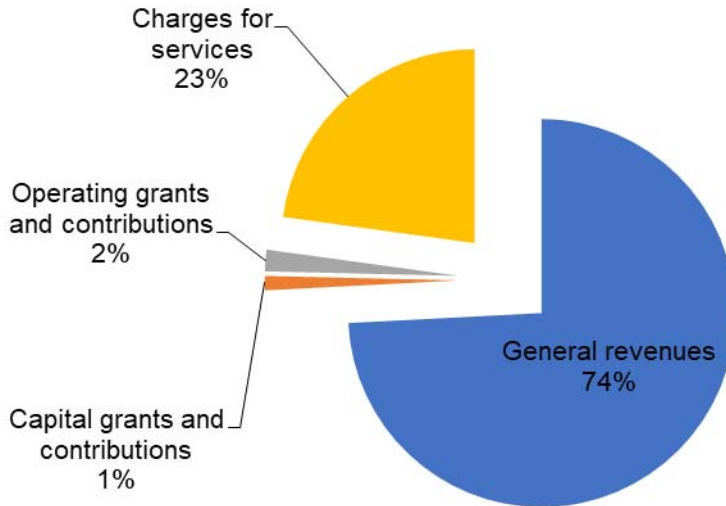


TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

**GENERAL REVENUES BY SOURCE -  
GOVERNMENTAL ACTIVITIES**



**REVENUES BY SOURCE - GOVERNMENTAL  
ACTIVITIES**



**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$38,286,601. Of this amount, \$10,031,780 constitutes unassigned fund balances, which are available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the committed and unassigned fund balance of the General Fund was \$25,413,153 out of a total fund balance of \$27,461,911 or 93%.

The fund balance of the Town's General Fund increased by \$7,450,981 during the current fiscal year.

At the end of the current fiscal year, the TDA Fund reported a fund balance of \$10,820,030, which is restricted for future debt service payments and capital improvement expenditures.

**General Fund Budgetary Highlights**

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

In the General Fund, the Town's total actual revenue was less than the budgeted revenue by \$18,288,728. This unfavorable variance was due to the following:

- Receipt of less intergovernmental TDA transfers due to capital projects being delayed,
- Land sale that was budgeted, but not complete, and
- Budgeted proceeds for a COP issuance for the public safety building that the Town did not pursue.

In the General Fund, the Town's actual expenditures were less than the appropriation by \$24,821,751. This favorable variance was mainly due to the delay of capital projects related to infrastructure and the public safety building.

**TOWN OF TIMNATH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Capital Assets**

The Town reported \$79,803,223 in capital assets for its governmental-type activities for the year ended December 31, 2020. Additions during the year totaled \$6,105,594, primarily related to construction of roads and park and recreation improvements. Projects complete during 2020 include the following:

- Timnath South Regional Park
- Harmony Road Improvements (Phase IV-Widening)
- Railroad Crossing at Three Bell
- General Trail Improvements

Additional information on the Town's capital assets can be found in Note 6 on page 17 of this report.

**Long-Term Debt**

As of December 31, 2020, the Town and the TDA had outstanding debts totaling \$68,282,965. The majority of this debt are loans payable to Compass Bank which were issued in September 2015 and November 2018.

Additional information on the Town's and the TDA's long-term debt can be found in Note 7 on pages 18 thru 24 of this report.

**Economic Factors and Next Year's Budgets**

The 2021 budget reflects the Town Council's desire to achieve a fiscally responsible budget utilizing conservative revenue projections, required as well as discretionary expenditure levels, and reasonable reserves.

The Town has appropriated a total of \$38 million in anticipated spending for fiscal year 2021. In addition to Town operations and maintenance expenditures, the Town's 2021 budget includes various capital improvement projects, including but not limited to, the construction of a PD facility, Timnath Reservoir Trail and Park and various road and street projects including Buss Grove – Landings to Latham Parkway and Weitzel Street extension to County Road 5. The TDA has appropriated a total of \$24 million for spending in fiscal year 2021. The TDA's 2021 budget includes \$6.9 million for annual loan principal and interest repayment and \$16.9 million for intergovernmental transfers to the Town, of which \$10 million relates to TDA capital project costs anticipated to be completed during 2021.

Subsequent to budget adoption, the Town was notified it will be awarded an estimated \$1,072,631 as a result of direct aid to municipalities under the American Rescue Plan Act.

**Request for Information**

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

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

(X)

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF TIMNATH  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 25,860,201
Cash and Investments - Restricted	13,390,640
Receivables:	
Taxes	1,069,608
Intergovernmental, Franchise and Other Receivable	222,262
Property Taxes Receivable	7,970,605
Capital Assets, Not Being Depreciated	12,940,180
Capital Assets, Net of Accumulated Depreciation	66,863,043
Total Assets	128,316,539
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pension/OPEB	373,327
Total Deferred Outflows of Resources	373,327
 <b>LIABILITIES</b>	
Accounts Payable	1,687,609
Retainage Payable	4,368
Deposits	164,827
Consulting Agreements	399,306
Accrued Interest Payable	264,171
Noncurrent Liabilities:	
Due Within One Year	5,651,600
Due in More Than One Year	62,631,365
Total Liabilities	70,803,246
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Revenue	7,970,605
Related to Pension/OPEB	593,716
Total Deferred Inflows of Resources	8,564,321
 <b>NET POSITION</b>	
Net Investment in Capital Assets	25,843,094
Restricted for:	
Emergencies	510,000
Conservation Trust	208,549
Grants	5,624
Capital Projects	1,330,209
Unrestricted	21,424,823
Total Net Position	\$ 49,322,299

See accompanying Notes to Basic Financial Statements.

**TOWN OF TIMNATH  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 4,026,154	\$ 46,150	\$ 272,560	\$ -	\$ (3,707,444)
Municipal Court	14,151	52,251	-	-	38,100
Community Development	2,261,025	2,557,781	-	-	296,756
Public Safety	1,823,753	256,157	6,427	-	(1,561,169)
Public Works	5,588,997	1,957,798	217,934	-	(3,413,265)
Parks and Recreation	738,376	1,471,219	-	331,448	1,064,291
Interest and Related Costs on Long-Term Debt	3,212,931	-	-	-	(3,212,931)
Total Governmental Activities	<u>\$ 17,665,387</u>	<u>\$ 6,341,356</u>	<u>\$ 496,921</u>	<u>\$ 331,448</u>	(10,495,662)
<b>GENERAL REVENUES</b>					
Property Taxes					242,822
Sales Taxes					9,351,869
TIF Property Taxes					7,397,017
Other Taxes					2,956,294
Franchise Fees					234,597
Net Investment Income					171,122
Other Revenues					241,182
Total General Revenues					<u>20,594,903</u>
<b>CHANGE IN NET POSITION</b>					10,099,241
Net Position - Beginning of Year as restated					<u>39,223,058</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 49,322,299</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF TIMNATH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Grants	Timnath Development Authority	Special Revenue- Timnath Landing GID	Capital Projects Timnath Landing GID	Timnath Foundation	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 25,860,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,860,201
Cash and Investments - Restricted	2,360,245	5,117	11,025,278	-	-	-	13,390,640
Receivables:							
Taxes	1,069,608	-	-	-	-	-	1,069,608
Intergovernmental, Franchise and Other Receivabl	221,159	507	596	-	-	-	222,262
Property Tax Receivable	288,879	-	7,681,726	-	-	-	7,970,605
Due from Other Funds	173,628	-	-	-	-	-	173,628
<b>Total Assets</b>	<b>\$ 29,973,720</b>	<b>\$ 5,624</b>	<b>\$ 18,707,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,686,944</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 1,654,429	\$ -	\$ 32,216	\$ 964	\$ -	\$ -	\$ 1,687,609
Retainage Payable	4,368	-	-	-	-	-	4,368
Deposits	164,827	-	-	-	-	-	164,827
Consulting Agreements	399,306	-	-	-	-	-	399,306
Due to Other Funds	-	-	173,628	-	-	-	173,628
<b>Total Liabilities</b>	<b>2,222,930</b>	<b>-</b>	<b>205,844</b>	<b>964</b>	<b>-</b>	<b>-</b>	<b>2,429,738</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Tax Revenue	288,879	-	7,681,726	-	-	-	7,970,605
<b>Total Deferred Inflow s of Resources</b>	<b>288,879</b>	<b>-</b>	<b>7,681,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,970,605</b>
<b>FUND BALANCES</b>							
Restricted	2,048,758	5,624	10,820,030	-	-	-	12,874,412
Committed	15,380,409	-	-	-	-	-	15,380,409
Unassigned	10,032,744	-	-	(964)	-	-	10,031,780
<b>Total Fund Balances</b>	<b>27,461,911</b>	<b>5,624</b>	<b>10,820,030</b>	<b>(964)</b>	<b>-</b>	<b>-</b>	<b>38,286,601</b>
<b>Total Liabilities, Deferred Inflow s of Resources, and Fund Balances</b>	<b>\$ 29,973,720</b>	<b>\$ 5,624</b>	<b>\$ 18,707,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,686,944</b>

See accompanying Notes to Basic Financial Statements.

**TOWN OF TIMNATH  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds \$ 38,286,601

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

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

Capital Assets, Not Being Depreciated	12,940,180
Capital Assets, Net of Accumulated Depreciation	66,863,043

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

Related to Pension	331,703
Related to OPEB	41,624

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

Related to OPEB	(29,961)
Related to Pension	(563,755)

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

Accrued Interest Payable	(264,168)
Notes Payable - Compass Bank	(56,260,000)
Certificates of Participation	(7,941,800)
Promissory Notes - Hartford	(722,245)
Capital Lease - Police Vehicles	(253,394)
Compensated Absences	(172,855)
Net Pension Liability	(1,377,990)
OPEB	(162,190)
Developer Advance Payable	(1,334,038)
Town Advance Payable	(58,456)

Net Position of Governmental Activities	\$ 49,322,299
---	---------------

**TOWN OF TIMNATH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Grants	Timnath Development Authority	Special Revenue - Timnath Landing GID	Capital Projects - Timnath Landing GID	Timnath Foundation	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 5,796,739	\$ -	\$ 14,151,263	\$ -	\$ -	\$ -	\$ 19,948,002
Intergovernmental:							
Town/TDA	11,430,559	-	-	-	-	-	11,430,559
Other	592,917	-	-	-	-	-	592,917
Licenses, Fees and Charges	6,285,776	-	-	-	-	-	6,285,776
Franchise Fees	234,597	-	-	-	-	-	234,597
Fines and Forfeitures	52,251	-	-	-	-	-	52,251
Net Investment Income	137,870	-	33,252	-	-	-	171,122
Other Revenues	241,182	-	-	-	-	-	241,182
Town Contribution	-	-	-	-	-	21,643	21,643
Grants	-	217,138	-	-	-	-	217,138
Total Revenues	24,771,891	217,138	14,184,515	-	-	21,643	39,195,187
<b>EXPENDITURES</b>							
General and Operating:							
General Government	3,525,723	-	223,995	22,645	-	-	3,772,363
Municipal Court	14,151	-	-	-	-	-	14,151
Community Development	2,257,720	-	-	-	-	-	2,257,720
Public Safety	1,799,490	-	-	-	-	-	1,799,490
Public Works	2,445,427	-	-	-	-	-	2,445,427
Parks and Recreation	487,723	-	-	-	-	-	487,723
Debt Service:							
Principal	603,300	-	3,760,000	-	-	-	4,363,300
Interest	417,855	-	2,812,285	-	-	-	3,230,140
Capital Outlay:							
Parks and Recreation Improvements	4,477,549	-	-	-	-	-	4,477,549
Infrastructure Improvements	686,322	-	-	-	-	-	686,322
Building and Equipment	266,236	-	-	-	-	-	266,236
Stormwater Improvements	16,795	-	271,561	-	-	-	288,356
Land and Property Acquisition	536,538	-	-	-	-	-	536,538
Developer Shareback Incentive	-	-	352,504	-	-	-	352,504
Intergovernmental - Town/TDA	-	-	11,430,559	-	-	-	11,430,559
Contract Reimbursement	-	-	-	-	144,248	-	144,248
Foundation							
Accounting, Legal and General	-	-	-	-	-	27,034	27,034
Total Expenditures	17,534,829	-	18,850,904	22,645	144,248	27,034	36,579,660

**TOWN OF TIMNATH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	General	Grants	Timnath Development Authority	Special Revenue - Timnath Landing GID	Capital Projects - Timnath Landing GID	Timnath Foundation	Total Governmental Funds
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,237,062	217,138	(4,666,389)	(22,645)	(144,248)	(5,391)	2,615,527
<b>OTHER FINANCING SOURCES (USES)</b>							
Town Advances	-	-	-	27,338	-	-	27,338
Developer Advances	-	-	-	-	144,248	-	144,248
Transfers In (Out)	213,919	(213,919)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>213,919</u>	<u>(213,919)</u>	<u>-</u>	<u>27,338</u>	<u>144,248</u>	<u>-</u>	<u>171,586</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,450,981	3,219	(4,666,389)	4,693	-	(5,391)	2,787,113
Fund Balances - Beginning of Year, as restated	<u>20,010,930</u>	<u>2,405</u>	<u>15,486,419</u>	<u>(5,657)</u>	<u>-</u>	<u>5,391</u>	<u>35,499,488</u>
<b>FUND BALANCES - ENDING OF YEAR</b>	<u>\$ 27,461,911</u>	<u>\$ 5,624</u>	<u>\$ 10,820,030</u>	<u>\$ (964)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,286,601</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF TIMNATH**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 2,787,113

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

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

Capital Outlay	6,105,594
Disposal of Capital Assets	(10,257)
Depreciation	(3,301,787)

The issuance of long-term debt (e.g. bonds, note payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

New Capital Lease - Police Vehicles	(239,286)
Developer Advances	(144,248)
Town Advances	(27,338)
Payment of Principal - Capital Leases	115,384
Payment of Principal - Compass Bank Loan	3,760,000
Payment of Principal - Certificates of Participation	603,300
Payment of Principal - Hartford Promissory Notes	476,596

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

Compensated Absences - Change in Liability	(59,514)
Accrued Interest Payable - Change in Liability	28,591
Pension Related - Net Expense	8,620
OPEB Related - Net Expense	(3,527)

Change in Net Position of Governmental Activities \$ 10,099,241

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

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

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

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

The Timnath Foundation (Foundation) was organized in 2018 exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The sole purpose of the Foundation is to raise funds for the Town's exclusive benefit in order to foster the future of the Town, and to build a healthy community, through the promotion of recreation, community and public improvement initiatives. As such, the Foundation is presented as a blended component unit of the Town. The Foundation does not issue separate financial statements. The Foundation was dissolved in June 2020.

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report all of the activities of the Town and its component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes, sales taxes, and intergovernmental revenues.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, interest income, and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures, other than interest on long-term obligations, are generally recorded when a liability is incurred.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

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

The Town reports the following major governmental funds:

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

The Grants Fund accounts for grants received by the Town intended to be used for specific 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 Timnath Foundation Fund accounts for funds received by the Foundation intended to be used by the Town for the purpose of the promotion of recreation, community and public improvement initiatives.

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

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

**Budgets**

In accordance with the State Budget Law, the Town Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The Town Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. There was one budget amendment in the grants fund for 2020 approved by Council for additional grant funds received after the original budget adoption. The original and revised budgets are reflected in the required supplementary information on page 52.

**Pooled Cash and Investments**

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



**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Interfund Balances**

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

**Property Taxes**

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

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

**Capital Assets**

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

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Compensated Absences**

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

**Long-Term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. Accordingly, these items, property taxes revenue and OPEB related items, are deferred and recognized as inflows of resources in the period that the amounts become available.

**Equity**

**Net Position**

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

**Fund Balance**

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Equity (Continued)**

**Fund Balance (Continued)**

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

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

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

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

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

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

**Deficits**

The Special Revenue Fund – Timnath Landing GID reported a deficit in the fund financial statements as of December 31, 2020. This deficit will be eliminated with Town advances in 2021.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position, have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 25,860,201
Cash and Investments - Restricted	13,390,640
Total Cash and Investments	\$ 39,250,841

Cash and Investments as of December 31, 2020, consist of the following:

Cash on Hand	\$ 350
Cash and Deposits with Financial Institutions	19,010,901
Investments	20,239,590
Total Cash and Investments	\$ 39,250,841

**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, 2020, the Town's cash deposits had a bank balance of \$19,056,951 and a carrying balance of \$19,010,901.

**Investments**

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

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Town Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Investments (Continued)**

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

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

As of December 31, 2020, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 20,239,590</u>

**COLOTRUST**

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 FUND BALANCE**

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

	General Fund	Grants Fund	Timnath Development Authority	Special Revenue-Timnath Landing GID	Capital Projects Timnath Landing GID	Timnath Foundation	Total
<b>FUND BALANCES</b>							
Restricted for:							
Emergencies (TABOR Reserve)	\$ 510,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,000
Conservation Trust	208,549	-	-	-	-	-	208,549
Public Safety Grant	-	5,624	-	-	-	-	5,624
Capital Projects	1,330,209	-	9,170,083	-	-	-	10,500,292
Debt Service	-	-	1,649,947	-	-	-	1,649,947
Total	\$ 2,048,758	\$ 5,624	\$ 10,820,030	\$ -	\$ -	\$ -	\$ 12,874,412
Committed for:							
Streets, Public Safety, Parks, School, Storm Sewer and Other Improvements (Impact Fees and In-Lieu Fees)	\$ 12,492,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,492,609
Working Capital Reserve - 25% of Operating Expenditures	2,887,800	-	-	-	-	-	2,887,800
Total	\$ 15,380,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,380,409
Unassigned:							
General Government	\$ 10,032,744	\$ -	\$ -	\$ (964)	\$ -	\$ -	\$ 10,031,780
Total Fund Balances	\$ 27,461,911	\$ 5,624	\$ 10,820,030	\$ (964)	\$ -	\$ -	\$ 38,286,601

**NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following schedule summarizes the Town's interfund balances as of December 31, 2020:

	Receivables	Payables	Net
General Fund	\$ 173,628	\$ -	\$ 173,628
Timnath Development Authority (TDA)	-	173,628	(173,628)

The TDA owes the General Fund \$173,628 related to payables and the excess TIF transfer associated with intergovernmental agreement between the Town and TDA.

The following schedule summarizes the Town's transfers for the year ended December 31, 2020:

	Transfers In General Fund
Transfers Out:	
Grants Fund	\$ 213,919
Total	\$ 213,919

The transfer of \$213,919 from the Grants Fund to the General Fund represents funds from grants used to fund certain public safety and general government COVID-19 costs.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 CAPITAL ASSETS**

The following is an analysis of the changes in the Town's capital assets for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 11,765,152	\$ -	\$ -	\$ 11,765,152
Construction in Progress	7,133,081	5,403,190	(11,361,243)	1,175,028
<b>Total Capital Assets, Not Being Depreciated</b>	<b>18,898,233</b>	<b>5,403,190</b>	<b>(11,361,243)</b>	<b>12,940,180</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and Improvements	10,479,664	-	-	10,479,664
Infrastructure (roads, etc.)	53,795,061	6,231,819	-	60,026,880
Parks and Recreation	7,799,859	5,129,424	-	12,929,283
Art	100,121	-	-	100,121
Machinery and Equipment	646,162	10,400	-	656,562
Computers and Software	149,916	-	-	149,916
Vehicles	1,188,479	692,004	(55,920)	1,824,563
<b>Total Capital Assets, Being Depreciated</b>	<b>74,159,262</b>	<b>12,063,647</b>	<b>(55,920)</b>	<b>86,166,989</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(443,228)	(183,816)	-	(627,044)
Infrastructure (Roads, etc.)	(13,995,583)	(2,406,422)	-	(16,402,005)
Parks and Recreation	(607,616)	(375,269)	-	(982,885)
Art	(45,056)	(4,005)	-	(49,061)
Machinery and Equipment	(280,739)	(77,492)	-	(358,231)
Computers and Software	(127,139)	(11,052)	-	(138,191)
Vehicles	(548,461)	(243,731)	45,663	(746,529)
<b>Total Accumulated Depreciation</b>	<b>(16,047,822)</b>	<b>(3,301,787)</b>	<b>45,663</b>	<b>(19,303,946)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>58,111,440</b>	<b>8,761,860</b>	<b>(10,257)</b>	<b>66,863,043</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 77,009,673</b>	<b>\$ 14,165,050</b>	<b>\$ (11,371,500)</b>	<b>\$ 79,803,223</b>

Depreciation expense for 2020 was charged to the following functions/programs:

General Government	\$ 204,990
Public Safety	107,760
Parks and Recreation	383,497
Public Works	2,605,540
<b>Total Depreciation Expense</b>	<b>\$ 3,301,787</b>

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
<u>Governmental Activities:</u>					
Town:					
Direct Borrowings -					
Capital Lease-Police Vehicles	\$ 129,489	\$ 239,286	\$ (115,384)	\$ 253,391	\$ 104,048
Promissory Note - Hartford	461,897	-	(230,948)	230,949	230,949
Promissory Note - Hartford	736,944	-	(245,648)	491,296	245,648
Certificates of Participation	8,545,100	-	(603,300)	7,941,800	633,100
Other -					
Compensated absences	113,341	59,514	-	172,855	172,855
Net Pension Liability	2,231,496	-	(853,506)	1,377,990	-
OPEB	187,108	-	(24,918)	162,190	-
Total Town	<u>12,405,375</u>	<u>298,800</u>	<u>(2,073,704)</u>	<u>10,630,471</u>	<u>1,386,600</u>
Timnath Development					
Authority:					
Direct Borrowings -					
Loan Payable - Compass	40,220,000	-	(3,260,000)	36,960,000	3,415,000
Loan Payable - Compass	19,800,000	-	(500,000)	19,300,000	850,000
Total TDA	<u>60,020,000</u>	<u>-</u>	<u>(3,760,000)</u>	<u>56,260,000</u>	<u>4,265,000</u>
Timnath Landing General					
Improvement District:					
Developer Advances	1,189,790	144,248	-	1,334,038	-
Town Advances	31,118	27,338	-	58,456	-
	<u>1,220,908</u>	<u>171,586</u>	<u>-</u>	<u>1,392,494</u>	<u>-</u>
Total	<u>\$ 73,646,283</u>	<u>\$ 470,386</u>	<u>\$ (5,833,704)</u>	<u>\$ 68,282,965</u>	<u>\$ 5,651,600</u>

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

Compensated Absences: Town employees' accrued vacation liability as of December 31, 2020, totaled \$172,855. See Note 2 for additional information.

Net Pension Liability: See Note 10 for information.

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

Town Advances – Timnath Landing General Improvement District: On December 10, 2019, the District entered into an intergovernmental agreement to repay advances made by the Town for the District's annual operating costs as well as District sums of money not to exceed \$50,000 per year for five years, up to \$250,000. The District agrees to reimburse the Town for such advances prior to any advances to be reimbursed to the Developer.



**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

Developer Advances – Timnath Landing General Improvement District: The Town and CAC Timnath, LLC (the “Developer”) entered into a certain Amended and Restated 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.

**Direct Borrowings:**

Capital Lease – Police Vehicles: On May 1, 2017, the Town entered into a capital lease agreement with Ford Motor Credit Company LLC to acquire one (1) police vehicle. The lease bears an annual interest rate of 5.95%, and requires an annual payment of \$11,333 starting on May 1, 2017 and last payment on May 1, 2020. The vehicle is carried at \$45,334 with \$32,490 in accumulated depreciation as of December 31, 2020.

On October 11, 2018, the Town entered into a capital lease agreement with GM Financial to acquire one (1) police vehicle. The lease bears an annual interest rate of 5.944%, and requires an annual payment of \$14,526 starting October 11, 2018 and last payment on October 11, 2021. The vehicle is carried at \$58,105 with \$25,179 in accumulated depreciation as of December 31, 2020.

On October 29, 2019, the Town entered into a capital lease agreement with GM Financial to acquire two (2) police vehicles. The lease bears an annual interest rate of 4.77%, and requires an annual payment of \$29,701 starting November 1, 2019 and last payment on November 1, 2022. The vehicles are carried at \$118,805 with \$29,701 in accumulated depreciation as of December 31, 2020.

On August 24, 2020 the Town entered into a capital lease agreement with GM Financial to acquire one (1) police vehicle. The lease bears an annual interest rate of 4.77%, and requires an annual payment of \$11,669 starting August 24, 2020 and last payment on August 24, 2023. The vehicle is carried at \$46,677 with \$1,556 in accumulated depreciation as of December 31, 2020.

On October 21, 2020 the Town entered into a capital lease agreement with GM Financial to acquire three (3) police vehicles. The lease bears an annual interest rate of 4.16%, and requires an annual payment of \$48,152 starting October 21, 2020 and last payment on October 21, 2023. The vehicles are carried at \$192,609 with \$6,420 in accumulated depreciation as of December 31, 2020.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

**Direct Borrowings (Continued):**

Capital Lease – Police Vehicles (Continued):

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

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

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

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

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

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

**Direct Borrowings (Continued):**

Certificates of Participation (Continued):

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

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

In the event of default, the Trustee may do as follows: (i) terminate the lease (ii) sell, lease or sublease the property (iii) recover from the Town any appropriated rental fees during which the Town occupies the property and will be entitled to any escrow funds related to this agreement. On December 31, 2020, the Town had \$500,275 in escrow related to this agreement.

Loans Payable – Compass Bank: On April 1, 2011, the TDA entered into a loan agreement and promissory note (2011 Note) with Compass Mortgage Corporation 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 accounts established and administered by Compass Bank.

On February 10, 2012, the TDA and Compass Bank amended the loan agreement and 2011 Note 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 with Compass Mortgage Corporation (2014 Note). The 2014 Note has a principal amount of \$36,725,000 with a fixed interest rate of 3.85% through December 1, 2018, paid semi-annually on June 1 and December 1, and a variable rate thereafter computed as the sum of 65% of 30-day LIBOR plus a margin not to exceed 2.25%, provided that it cannot be less than 4.50% per annum.

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

**Direct Borrowings (Continued)**

Loans Payable – Compass Bank (Continued)

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

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

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

**Direct Borrowings (Continued)**

Loans Payable – Compass Bank (Continued)

- 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, 2020, pledged revenue account balances totaled \$11,025,274.

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

<u>Year Ending December 31,</u>	\$9,120,000 Direct Borrowing Certificates of Participation		
	Principal Due December 1	Interest Due June 1 and December 1	Total
	2021	\$ 633,100	\$ 388,354
2022	664,400	357,396	1,021,796
2023	697,300	324,906	1,022,206
2024	731,700	290,808	1,022,508
2025	767,900	255,028	1,022,928
2026-2030	4,447,400	673,403	5,120,803
Total	\$ 7,941,800	\$ 2,289,895	\$ 10,231,695

<u>Year Ending December 31,</u>	\$50,000,000 Direct Borrowing Loan Payable - Compass Bank		
	Principal Due December 1	Interest Due June 1 and December 1	Total
	2021	\$ 3,415,000	\$ 1,663,816
2022	3,570,000	1,510,084	5,080,084
2023	3,735,000	1,349,375	5,084,375
2024	3,900,000	1,184,474	5,084,474
2025	4,080,000	1,005,672	5,085,672
2026-2029	18,260,000	2,101,880	20,361,880
Total	\$ 36,960,000	\$ 8,815,301	\$ 45,775,301

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)**

\$20,000,000 Direct Borrowing Loan Payable - Compass Bank			
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2021	\$ 850,000	\$ 976,446	\$ 1,826,446
2022	1,450,000	933,442	2,383,442
2023	2,045,000	860,082	2,905,082
2024	2,165,000	760,765	2,925,765
2025	2,285,000	645,312	2,930,312
2026-2029	10,505,000	1,368,332	11,873,332
Total	\$ 19,300,000	\$ 5,544,379	\$ 24,844,379

\$692,845 Direct Borrowing Promissory Note - Hartford Investments			
Year Ending December 31,	Principal Due December 1	Interest Due January 18	Total
2021	\$ 230,949	\$ 11,547	\$ 242,496
Total	\$ 230,949	\$ 11,547	\$ 242,496

\$982,592 Direct Borrowing Promissory Note - Hartford Investments			
Year Ending December 31,	Principal Due December 1	Interest Due Deember 19	Total
2021	\$ 245,648	\$ 24,565	\$ 270,213
2022	245,648	12,282	257,930
Total	\$ 491,296	\$ 36,847	\$ 528,143

**Operating Lease**

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, capital leases, and other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2020, the Town had net investment in capital assets calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 79,803,223
Long-Term Debt Related to Acquisition of Capital Assets	(65,350,291)
Unspent Proceeds of Long-Term Debt Related to Acquisition of Capital Assets	11,390,162
Net Investment in Capital Assets	<u>\$ 25,843,094</u>

The restricted component of net position consists of assets restricted for use by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation. The Town's restricted net position as of December 31, 2020, include the following:

Restricted Net Position:	
Emergencies (Tabor Reserve)	\$ 510,000
Conservation Trust	208,549
Grants	5,624
Capital Projects	1,330,209
Total Restricted Net Position	<u>\$ 2,054,382</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital asset component and the restricted component of net position. The unrestricted component of the Town's net position as of December 31, 2020, totaled \$21,424,823.

**NOTE 9 COMMITMENTS**

**Construction Commitments**

As of December 31, 2020, the Town had unexpended commitments from major construction contracts totaling \$507,893 for projects at the Timnath Reservoir. Of this amount, \$4,368 was recorded as retainage payable.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN**

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

**General Information about the Pension Plan**

**Plan description**

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

**Benefits Provided**

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

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

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



**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Benefits Provided (Continued)**

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

**Contributions**

Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. The employer contribution requirements for all employees are summarized in the table below:

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Contributions (Continued)**

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer Contribution Rate <sup>1</sup>	10.00 %	10.50 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98 %	9.48 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20 %	2.20 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50 %	1.50 %
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	12.68 %	13.18 %

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$162,455 for the year ended December 31, 2020.

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

At December 31, 2020, the Town reported a liability of \$1,377,990 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Town's proportion was 0.1884 percent, which was an increase of 0.0111 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of \$(153,835). At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 90,173	\$ -
Changes of Assumptions or other Inputs	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	563,755
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	79,075	-
Contributions Subsequent to the Measurement Date	162,455	-
Total	\$ 331,703	\$ 563,755

\$162,455 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ (28,619)
2022	(149,562)
2023	(23,971)
2024	(192,355)
2025	-
Thereafter	-

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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

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

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 rate of return assumption of 7.25 percent.

**TOWN OF TIMNATH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Discount Rate**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

**Discount Rate (Continued)**

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

**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 2,531,266	\$ 1,377,990	\$ 408,097

**Pension Plan Fiduciary Net Position**

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**General Information about the OPEB Plan**

**Plan Description**

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

**Benefits Provided**

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

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

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



**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**PERA Benefit Structure**

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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 benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

**Contributions**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$12,821 for the year ended December 31, 2020.

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

At December 31, 2020, the Town reported a liability of \$162,190 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Town's proportion was 0.0144 percent, which was an increase of 0.0007 percent from its proportion measured as of December 31, 2018.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$(9,294). At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 538	\$ 27,254
Changes of Assumptions or other Inputs	1,346	-
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	-	2,707
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	26,918	-
Contributions Subsequent to the Measurement Date	12,821	-
Total	<u>\$ 41,623</u>	<u>\$ 29,961</u>

\$12,821 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 1,593
2022	1,593
2023	2,377
2024	(2,763)
2025	(3,732)
Thereafter	(227)

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2019, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Totals	100.00 %	

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 rate of return assumption of 7.25%.

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

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	4.60 %	5.60 %	6.60 %
Ultimate PERACare Medicare Trend Rate	3.50	4.50	5.50
Initial Medicare Part A Trend Rate	2.50	3.50	4.50
Ultimate Medicare Part A Trend Rate	3.50	4.50	5.50
Proportionate Share of the Net OPEB Liability	\$ 158,337	\$ 162,190	\$ 166,642

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total OPEB liability 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, 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 3.50%.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

**Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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	\$ 183,388	\$ 162,190	\$ 144,061



**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**OPEB Plan Fiduciary Net Position**

*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12 DEFERRED COMPENSATION PLAN – ASSETS IN TRUST**

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

**NOTE 13 MAJOR TAXPAYERS**

For the year ending December 31, 2020, approximately 86% of the Town's sales tax revenue was received from five taxpayers, and of those five taxpayers, two taxpayers constituted approximately 82% of the total sales tax revenue.

**NOTE 14 AGREEMENTS**

**Timnath Development Authority**

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

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

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.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 14 AGREEMENTS (CONTINUED)**

**Timnath Development Authority (Continued)**

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

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

**Poudre Valley Fire Protection District**

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

**Boxelder Basin Regional Stormwater Authority**

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 14 AGREEMENTS (CONTINUED)**

**Boxelder Basin Regional Stormwater Authority (Continued)**

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

**Boxelder Basin “B” Dams**

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

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

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

**Developer Share Back Incentive – Cache La Poudre Investors South, LLC**

On January 14, 2014, the TDA entered into a Public/Private Partnership Agreement with Cache La Poudre Investors South, LLC, Cache La Poudre Development South, LLC, and the Town pursuant to which the TDA has agreed to share back certain retailer sales tax revenues for a period of five years commencing on the retailer’s opening day plus any additional time necessary to recover 50% of on-site construction costs overrun. The final payment of \$352,504 was paid by the TDA under this agreement in May 2020.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 14 AGREEMENTS (CONTINUED)**

**Lower Poudre Augmentation Plan**

On October 13, 2020, the Town entered into an agreement with the Lower Poudre Augmentation Company to enter the two wells at the Timnath Reservoir into the Lower Poudre Augmentation Plan. The terms of the agreement stipulate that the Town will pay an up-front fee for a proportional share of costs incurred by the Lower Poudre Augmentation Company for the development of the augmentation decree. In addition, the Town agrees to pay court proceeding fees associated with a 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. The Town incurred \$82,964 in 2020 for development of the augmentation decree under terms of this agreement.

**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.

**Police Station Option Agreement and Right of First Offer**

The TDA owns certain property, known as Lot 16, which was purchased with an intent to build a police station on the lot. At the time of the purchase, the TDA and Riverbend Ventures LLC (Riverbend) entered into certain agreements, which provided Riverbend the option to purchase Lot 16 from the TDA if the Town did not begin construction of a police station on the property by July 31, 2020. Riverbend did not exercise the right of first option letter by the extension date of August 1, 2020, therefore the agreement is terminated.

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 15 CONTINGENCIES**

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

**NOTE 16 RISK MANAGEMENT**

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

The 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 17 TAX, SPENDING AND DEBT LIMITATIONS**

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

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

**TOWN OF TIMNATH  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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, 2020, the Town reserved \$510,000 of the General Fund's fund balance in accordance with this requirement. Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

**NOTE 18 PRIOR PERIOD RESTATEMENT**

Subsequent to the audit being issued for the fiscal year ended December 31, 2019, an accounting adjustment was made to reduce the recognition of revenue in the general fund. A subdivision improvement agreement called for fees collected to be held in escrow by the Town and repaid to the developer after certain improvements were made by the developer. The result of this restatement is a reduction in the general fund ending fund balance of \$335,000 for the year ended December 31, 2019. Prior year comparative schedules in the Management Discussion and Analysis, beginning net position on the Statement of Activities and beginning fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balance reflect this change.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TIMNATH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property Tax	\$ 248,804	\$ 242,822	\$ (5,982)
Specific Ownership Tax	67,400	60,374	(7,026)
Sales Tax	2,240,000	2,597,623	357,623
Motor Vehicle Sales Tax	731,600	776,738	45,138
Lodging Tax	2,000	463	(1,537)
Regional Improvement Mill Levy	1,512	-	(1,512)
Building Materials Use Tax	1,540,929	2,118,719	577,790
Total	4,832,245	5,796,739	964,494
Intergovernmental:			
1/4 Cent Sales Tax	280,000	290,449	10,449
Highway Users Tax (HUTF)	178,273	166,631	(11,642)
Conservation Trust Fund	46,750	40,999	(5,751)
Cigarette Tax	16,500	21,770	5,270
Severance Tax	8,557	18,436	9,879
County Road and Bridge Shareback	34,858	30,761	(4,097)
Motor Vehicle Registration Fees	23,000	20,542	(2,458)
SRO Program - Poudre School District	10,000	3,329	(6,671)
Capital - Transfer from TDA	11,975,000	4,661,669	(7,313,331)
Intergovernmental - Transfer from TDA	5,302,247	6,768,890	1,466,643
Total	17,875,185	12,023,476	(5,851,709)
Licenses, Fees and Charges:			
Sales and Use Tax and Business License Fees	19,000	45,200	26,200
Liquor License Fees	300	950	650
Building Permit Fees	1,480,104	1,540,514	60,410
Annexation Fees	-	39,117	39,117
Community Development Fees	15,500	21,712	6,212
Administrative Fees	296,800	412,487	115,687
Impact Fees and In-Lieu Fees	2,871,190	3,673,235	802,045
Contract Reimbursements	946,518	266,548	(679,970)
Developer Chargebacks	262,800	266,488	3,688
Other Licenses, Fees and Charges	19,000	19,525	525
Total	5,911,212	6,285,776	374,564
Franchise Fees	198,000	234,597	36,597
Fines and Forfeitures	55,000	52,251	(2,749)
Net Investment Income	400,000	137,870	(262,130)
Land Sale	2,236,977	-	(2,236,977)
Capital Asset Sale	-	12,670	12,670
COP Issuance	11,322,000	-	(11,322,000)
Town Annual Event Sponsorships	75,000	-	(75,000)
Other Revenues	155,000	228,512	73,512
Total Revenues	43,060,619	24,771,891	(18,288,728)



**TOWN OF TIMNATH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance w ith Final Budget Positive (Negative)
<b>EXPENDITURES</b>			
General Government:			
Town Council Expenditures	\$ 9,000	\$ 16,428	\$ (7,428)
Town Administration - Salaries and Benefits	827,061	798,364	28,697
Town Administration - Contracted	225,000	222,000	3,000
Town Clerk - Elections	8,000	10,348	(2,348)
County Treasurer and Other Fees	38,000	41,532	(3,532)
Dues and Memberships	10,000	5,779	4,221
Finance - Contracted	394,000	253,932	140,068
Finance - Contracted - Out of Scope	60,000	64,223	(4,223)
Human Resources - Contracted	140,000	37,720	102,280
Information Technology - Contracted	90,000	120,828	(30,828)
Information Technology - Hardware and Software	105,000	101,404	3,596
Legal - Contracted	425,000	294,349	130,651
Legal - Contracted - Out of Scope	100,000	123,165	(23,165)
Legal - Contracted - Special Counsel	250,000	98,782	151,218
Audit	19,000	28,300	(9,300)
Consulting	75,000	52,452	22,548
Cyber Security Audit	15,000	-	15,000
Insurance	205,000	187,297	17,703
General Office and Administration	325,000	377,022	(52,022)
Town Events	625,000	193,102	431,898
Community Engagement	85,000	130,296	(45,296)
Economic Development	185,000	51,090	133,910
COPs Cost of Issuance	222,000	-	222,000
IGA - Timnath Landing GID	50,000	22,645	27,355
Other	125,000	294,665	(169,665)
Total	4,612,061	3,525,723	1,086,338
Municipal Court:			
Municipal Judge	15,000	2,490	12,510
Legal	32,000	11,499	20,501
Translator	1,200	147	1,053
Defendant Counsel	5,000	-	5,000
Jail Services	1,000	-	1,000
Supplies and Printing	2,000	15	1,985
Total	56,200	14,151	42,049
Community Development:			
Salaries and Benefits	76,429	98,098	(21,669)
Planning - Contracted	578,458	576,977	1,481
Building Services Contracted	-	1,102,984	(1,102,984)
Master Planning Studies	160,000	23,747	136,253
Consulting	16,000	5,719	10,281
Building Permits - Contracted	5,000	-	5,000
Code Enforcement - Contracted	40,000	39,912	88
Development Review - Engineering	149,000	212,743	(63,743)
Development Review - Planning	88,000	134,881	(46,881)
Development Review - Legal	55,000	51,806	3,194
General Office and Administration	31,000	8,336	22,664
Other	8,000	2,517	5,483
Total	1,206,887	2,257,720	(1,050,833)

**TOWN OF TIMNATH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget Amounts	Actual Amounts	Variance w ith Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Public Safety:			
Salaries and Benefits	\$ 1,788,070	\$ 1,368,551	\$ 419,519
Public Safety Contracted	111,150	37,050	74,100
General Office and Administration	326,375	20,182	306,193
Equipment	136,414	77,365	59,049
Contracted Services	127,323	82,786	44,537
Vehicles and Maintenance	223,097	145,115	77,982
Training	62,800	13,963	48,837
Other	100,950	54,478	46,472
Total	2,876,179	1,799,490	1,076,689
Public Works:			
Salaries and Benefits	505,843	471,315	34,528
Public Works Director - Contracted	210,800	214,475	(3,675)
General Engineering - Contracted	250,787	294,315	(43,528)
General Engineering - Contracted - Out of Scope	85,000	84,116	884
Utility Locates - Contracted	30,000	1,886	28,114
Mosquito Control	44,000	33,300	10,700
Weed Control	105,000	31,065	73,935
Grading	55,000	-	55,000
Vehicles - Repairs and Maintenance	245,000	550,406	(305,406)
Materials	25,000	31,130	(6,130)
Equipment Rentals	3,000	191	2,809
Snow Flow ing	27,000	20,873	6,127
Street Sw eeping	14,000	6,251	7,749
Street Lighting	130,000	107,020	22,980
Signal Maintenance	35,000	17,666	17,334
Drainage	22,000	650	21,350
Road Maintenance/Resurfacing	375,000	357,304	17,696
Landscape Maintenance	35,000	74,023	(39,023)
Street Signs	12,000	23,610	(11,610)
Street Striping	70,000	88,471	(18,471)
Boxelder ESDP	-	-	-
Boxelder B-Dams Participation	13,000	-	13,000
Other	84,000	37,360	46,640
Total	2,376,430	2,445,427	(68,997)
Parks and Recreation:			
Salaries and Benefits	41,664	63,626	(21,962)
Park Maintenance	442,250	296,428	145,822
Reservoir Lease	129,275	127,669	1,606
Future 80 Acre Community Park	40,000	-	40,000
Poudre River Trail Contribution	150,000	-	150,000
Timnath Community Park	3,775,000	4,098,840	(323,840)
Poudre River Trailhead Park	340,000	4,781	335,219
Timnath Reservoir Trail and Park	1,550,000	72,474	1,477,526
TROC Trail	800,000	30,643	769,357
Water Rights and Non-Potable System	455,000	270,811	184,189
Total	7,723,189	4,965,272	2,757,917

**TOWN OF TIMNATH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Debt Service:			
Certificates of Participation - Principal	\$ 603,300	\$ 603,300	\$ -
Certificates of Participation - Interest	731,050	417,855	313,195
Total	<u>1,334,350</u>	<u>1,021,155</u>	<u>313,195</u>
Capital Outlay:			
Roads and Utilities			
Bethke School Zone	55,000	192	54,808
Buss Grove-Landings to Latham Parkway	100,000	146,422	(46,422)
Harmony Interchange Landscape North	125,000	-	125,000
Harmony Road Phase IV	-	38,988	(38,988)
Maint Street - Timnath Elementary to Buss Grove	100,000	-	100,000
Latham Parkway Wildwing to Hwy 14	100,000	-	100,000
Main Street Buss Grove to Prospect	150,000	8,801	141,199
Old Town Improvements - Phase II	-	6,999	(6,999)
Parkway Improvements	3,050,000	3,478	3,046,522
Prospect - I-25 Interchange Participation	168,346	168,346	-
Prospect - Main St to Frontage Rd	1,080,000	-	1,080,000
Railroad Crossing Improvements - Three Bell	570,000	293,880	276,120
Signage and Monumentation	400,000	1,067	398,933
Weitzel Street Improvements	-	18,149	(18,149)
Buildings and Equipment			
Emergency Preparedness	10,000	-	10,000
Public Safety Facility	6,780,000	255,172	6,524,828
Public Works/Town Administration Building	1,160,000	11,064	1,148,936
Website Upgrade	10,000	-	10,000
Stormwater			
Regional Stormwater Improvements	200,000	16,795	183,205
Community/Vision Projects	8,112,938	536,538	7,576,400
Total	<u>22,171,284</u>	<u>1,505,891</u>	<u>20,665,393</u>
Total Expenditures	<u>42,356,580</u>	<u>17,534,829</u>	<u>24,821,751</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	704,039	7,237,062	6,533,023
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	15,800	213,919	198,119
Total Other Financing Sources (Uses)	<u>15,800</u>	<u>213,919</u>	<u>198,119</u>
<b>NET CHANGE IN FUND BALANCES</b>	719,839	7,450,981	6,731,142
Fund Balances - Beginning of Year as restated	<u>19,217,601</u>	<u>20,010,930</u>	<u>793,329</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,937,440</u>	<u>\$ 27,461,911</u>	<u>\$ 7,524,471</u>

**TOWN OF TIMNATH  
GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal Grants	\$ 5,800	\$ 270,717	\$ 214,138	\$ (56,579)
Other Grants	10,000	10,000	3,000	(7,000)
Total Revenues	<u>15,800</u>	<u>280,717</u>	<u>217,138</u>	<u>(63,579)</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	15,800	280,717	217,138	(63,579)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	(15,800)	(280,717)	(213,919)	66,798
Total Other Financing Sources (Uses)	<u>(15,800)</u>	<u>(280,717)</u>	<u>(213,919)</u>	<u>66,798</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	3,219	3,219
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>2,405</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,624</u></u>	<u><u>\$ 5,624</u></u>

**TOWN OF TIMNATH  
TIMNATH DEVELOPMENT AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
TIF - Property Tax	\$ 7,093,560	\$ 7,397,017	\$ 303,457
TIF - Sales Tax	6,500,000	6,754,246	254,246
Net Investment Income	90,000	33,252	(56,748)
Total Revenues	<u>13,683,560</u>	<u>14,184,515</u>	<u>500,955</u>
<b>EXPENDITURES</b>			
Miscellaneous	248,000	223,995	24,005
Debt Service:			
Loan Interest	2,812,313	2,812,285	28
Loan Principal	3,760,000	3,760,000	-
Capital Outlay:			
Road, Utilities, Other (Transfer to Town)	11,975,000	4,661,669	7,313,331
Boxelder - BBRSA IGA	600,000	271,561	328,439
Developer Shareback Incentive	941,000	352,504	588,496
Intergovernmental - Transfer to Town	5,302,247	6,768,890	(1,466,643)
Total Expenditures	<u>25,638,560</u>	<u>18,850,904</u>	<u>6,787,656</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,955,000)	(4,666,389)	7,288,611
Fund Balance - Beginning of Year	<u>13,560,577</u>	<u>15,486,419</u>	<u>1,925,842</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,605,577</u></u>	<u><u>\$ 10,820,030</u></u>	<u><u>\$ 9,214,453</u></u>

**TOWN OF TIMNATH  
SPECIAL REVENUE FUND – TIMNATH LANDING GID  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Accounting	20,000	14,124	5,876
Audit	3,500	3,750	(250)
Insurance	2,500	-	2,500
Legal Services	20,000	4,771	15,229
Miscellaneous	1,000	-	1,000
Contingency	3,000	-	3,000
Total Expenditures	<u>50,000</u>	<u>22,645</u>	<u>27,355</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(50,000)	(22,645)	27,355
<b>OTHER FINANCING SOURCES (USES)</b>			
Town Advances	50,000	27,338	(22,662)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>27,338</u>	<u>(22,662)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	4,693	4,693
Fund Balance - Beginning of Year	<u>-</u>	<u>(5,657)</u>	<u>(5,657)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (964)</u>	<u>\$ (964)</u>

**TOWN OF TIMNATH  
TIMNATH FOUNDATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Gifts, Grants and Contributions	\$ 175,000	\$ 21,643	\$ (153,357)
Net Investment Income	100	-	(100)
Total Revenues	<u>175,100</u>	<u>21,643</u>	<u>(153,457)</u>
<b>EXPENDITURES</b>			
Fundraising Expenses	25,000	16,959	8,041
Professional Fees	30,000	7,804	22,196
Miscellaneous	100	2,271	(2,171)
Intergovernmental - Transfer to Town	120,000	-	120,000
Total Expenditures	<u>175,100</u>	<u>27,034</u>	<u>148,066</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(5,391)	(5,391)
Fund Balance - Beginning of Year	<u>-</u>	<u>5,391</u>	<u>5,391</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**TOWN OF TIMNATH  
REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)  
YEAR ENDED DECEMBER 31, 2020**

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

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.188406783%	0.1774954816%	0.1691158986%	0.1435433988%	0.1024182994%	0.0967741114%
Town's proportionate share of the net pension liability	\$ 1,377,990	\$ 2,231,496	\$ 1,882,987	\$ 1,938,325	\$ 1,128,221	\$ 867,395
Town's covered-employee payroll	\$ 1,256,997	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278	\$ 414,377
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.6 %	209.2 %	216.4 %	333.2 %	212.8 %	209.3 %
Plan fiduciary net position as a percentage of the total pension liability	86.3%	76.0%	79.4%	73.6%	76.9 %	80.7 %

**Schedule of Town Contributions**

	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 162,455	\$ 150,888	\$ 135,277	\$ 110,323	\$ 73,754	\$ 67,239	\$ 52,543
Town's contributions in relation to the contractually required contribution	(162,455)	(150,888)	(135,277)	(110,323)	(73,754)	(67,239)	(52,543)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,256,997	\$ 1,189,966	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278	\$ 414,377
Town's contributions as a percentage of covered employee payroll	12.9%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%

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



**TOWN OF TIMNATH  
REQUIRED SUPPLEMENTARY INFORMATION (OPEB)  
YEAR ENDED DECEMBER 31, 2020**

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

Measurement Date (December 31)	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net OPEB liability	0.0144297158%	0.0137544646%	0.0131410766%	0.0110188996%
Town's proportionate share of the net OPEB liability	\$ 162,190	\$ 187,108	\$ 170,781	\$ 142,864
Town's covered-employee payroll	\$ 1,256,997	\$ 1,163,139	\$ 1,066,854	\$ 870,052
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	12.9 %	16.1 %	16.0 %	16.4 % <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	17.0%	17.5%	16.7%

**Schedule of OPEB Contributions and Related Ratios**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Town's contractually required contribution	\$ 12,821	\$ 12,137	\$ 11,864	\$ 10,882
Town's contributions in relation to the contractually required contribution	(12,821)	(12,137)	(11,864)	(10,882)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,256,997	\$ 1,189,966	\$ 1,163,139	\$ 1,066,854
Town's contributions as a percentage of covered employee payroll	1.02%	1.02%	1.02%	1.02%

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

**SUPPLEMENTARY INFORMATION**

**TOWN OF TIMNATH  
CAPITAL PROJECTS FUND – TIMNATH LANDING GID  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Timnath Landing Parkway	336,000	84,656	251,344
Harmony Road Future Costs	144,985	35,932	109,053
Boxelder Floodplain	95,425	23,660	71,765
Total Expenditures	<u>576,410</u>	<u>144,248</u>	<u>432,162</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(576,410)	(144,248)	432,162
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	576,410	144,248	(432,162)
Total Other Financing Sources (Uses)	<u>576,410</u>	<u>144,248</u>	<u>(432,162)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**TOWN OF TIMNATH  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

Year Ending December 31,	\$50,000,000 Compass Bank Refunding and Improvement Loan Dated September 29, 2015 Interest Rate - 4.44%		\$9,120,000 Certificates of Participation Compass Bank Dated July 17, 2018 Interest Rate - 4.89%	
	Interest Payable June 1 and December 1		Interest Payable June 1 and December 1	
	Principal Due December 1		Principal Due December 1	
	Principal	Interest	Principal	Interest
2021	\$ 3,415,000	\$ 1,663,816	\$ 633,100	\$ 388,354
2022	3,570,000	1,510,084	664,400	357,396
2023	3,735,000	1,349,375	697,300	324,906
2024	3,900,000	1,184,474	731,700	290,808
2025	4,080,000	1,005,672	767,900	255,028
2026	4,265,000	822,004	805,800	217,478
2027	4,460,000	630,008	845,600	178,074
2028	4,660,000	430,410	887,400	136,725
2029	4,875,000	219,458	931,200	93,331
2030	-	-	977,400	47,795
Total	<u>\$ 36,960,000</u>	<u>\$ 8,815,301</u>	<u>\$ 7,941,800</u>	<u>\$ 2,289,895</u>

Year Ending December 31,	\$20,000,000 Compass Bank 2018 Improvement Loan Dated November 20, 2018 Interest Rate - 4.99%		\$692,845 Promissory Note - Hartford Dated January 18, 2018 Interest Rate - 5%	
	Interest Payable June 1 and December 1		Principal & Interest Due January 18	
	Principal Due December 1		Principal	Interest
	Principal	Interest	Principal	Interest
2021	\$ 850,000	\$ 976,446	\$ 230,949	\$ 11,547
2022	1,450,000	933,442	-	-
2023	2,045,000	860,082	-	-
2024	2,165,000	760,765	-	-
2025	2,285,000	645,312	-	-
2026	2,405,000	531,480	-	-
2027	2,540,000	409,804	-	-
2028	2,710,000	282,068	-	-
2029	2,850,000	144,980	-	-
2030	-	-	-	-
Total	<u>\$ 19,300,000</u>	<u>\$ 5,544,379</u>	<u>\$ 230,949</u>	<u>\$ 11,547</u>

**TOWN OF TIMNATH  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)  
DECEMBER 31, 2020**

Year Ending December 31,	\$982,592 Promissory Note - Hartford Dated December 19, 2018 Interest Rate - 5.0%		\$192,609 2020 Chevy Police Vehicles Utility Vehicle (3 units) Dated October 21, 2020 Interest Rate - 4.16%		\$46,677 2020 Chevy Police Vehicle Vehicle (1 unit) Dated August 24, 2020 Interest Rate - 4.77%	
	Principal & Interest Due December 19		Principal & Interest		Principal & Interest	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 245,648	\$ 24,565	\$ 42,610	\$ 5,542	\$ 10,146	\$ 1,523
2022	245,648	12,282	44,383	3,769	10,630	1,039
2023	-	-	46,229	1,923	11,138	531
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	<u>\$ 491,296</u>	<u>\$ 36,847</u>	<u>\$ 133,222</u>	<u>\$ 11,234</u>	<u>\$ 31,914</u>	<u>\$ 3,093</u>

Year Ending December 31,	\$58,105 2018 GMC Police Vehicle Utility Vehicle (1 unit) Dated October 11, 2018 Interest Rate - 5.944%		\$118,805 2019 GMC Police Vehicles Utility Vehicles (2 units) Dated October 29, 2019 Interest Rate - 4.77%		Total
	Principal & Interest		Principal & Interest		
	Principal	Interest	Principal	Interest	
2021	\$ 13,711	\$ 815	\$ 27,058	\$ 2,643	\$ 8,543,473
2022	-	-	28,349	1,352	8,832,774
2023	-	-	-	-	9,071,484
2024	-	-	-	-	9,032,747
2025	-	-	-	-	9,038,912
2026	-	-	-	-	9,046,762
2027	-	-	-	-	9,063,486
2028	-	-	-	-	9,106,603
2029	-	-	-	-	9,113,969
2030	-	-	-	-	1,025,195
Total	<u>\$ 13,711</u>	<u>\$ 815</u>	<u>\$ 55,407</u>	<u>\$ 3,995</u>	<u>\$ 81,875,405</u>

**TOWN OF TIMNATH  
SCHEDULE OF DETAILED CAPITAL ASSETS  
DECEMBER 31, 2020**

Assets Name	Year of Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2020
<b>Capital Assets, Not Being Depreciated:</b>				
<u>Land</u>				
Land	2011 & Prior	\$ 1,651,146	-	\$ 1,651,146
Land - Riverbend	2012	828,000	-	828,000
Land - Costco	2014	3,916,240	-	3,916,240
Land - (Artisan Market)	2017	1,956,350	-	1,956,350
Land - Few ell	2018	1,265,434	-	1,265,434
Land - North KM Farm	2018	1,223,558	-	1,223,558
Land - South KM Farm	2018	924,424	-	924,424
Total Land		11,765,152	-	11,765,152
<u>Constuction in Progress</u>				
4th Street Pedestrian Improvements	2017	2,165	-	2,165
Parkw ay Improvements	2018	22,852	-	22,852
Bethke School Zone	2018	3,146	-	3,146
Water Rights & Non Potable	2019	361,343	-	361,343
Main Street Buss Grove to Prospect	2019	15,490	-	15,490
Prospect - Main Street to Frontage Road	2019	10,089	-	10,089
Public Safety Facility	2019	341,448	-	341,448
Public Works/Tow n Admn Building	2019	44,515	-	44,515
Timnath Reservoir Trail and Park	2019	130,426	-	130,426
TROC Trail	2019	57,407	-	57,407
Weitzel Street Extension to CR 5	2020	18,149	-	18,149
Buss Grove-Landings to Latham Parkw ay	2020	146,422	-	146,422
Poudre River Trailhead Park	2020	4,781	-	4,781
Regional Stormw ater Improvements	2020	16,795	-	16,795
Total Construction in Progress		1,175,028	-	1,175,028
Total Capital Assets, Not Being Depreciated		12,940,180	-	12,940,180
<b>Capital Assets, Being Depreciated:</b>				
<u>Buildings and Improvements</u>				
Old Tow n Building	1969	164,640	(111,949)	52,691
Public Works Building	2008	1,431,606	(205,431)	1,226,175
4201 Main Street	2017	497,030	(80,768)	416,262
House - 4th Street	2018	309,744	(38,718)	271,026
Tow n Center Building	2019	7,681,054	(162,156)	7,518,898
Main Street House	2019	395,590	(28,022)	367,568
Total Buildings		10,479,664	(627,044)	9,852,620
<u>Infrastructure</u>				
Roads	2011 & Prior	20,547,765	(10,077,466)	10,470,299
Harmony Road	2013	2,138,371	(620,129)	1,518,242
Harmony Bridge	2013	66,166	(21,174)	44,992
Traffic signal - 3 Bells/Harmony	2013	57,721	(16,740)	40,981
2013 Additions	2013	2,270,050	(726,416)	1,543,634
Harmony Road Phase IIA	2014	247,578	(50,376)	197,202
Retailer Onsite Improvements	2014	5,242,393	(1,258,175)	3,984,218
Retailer Offsite Improvements	2014	1,794,474	(430,674)	1,363,800
Retailer Soft Costs	2014	631,891	(151,654)	480,237
Landscaping	2015	10,000	(4,000)	6,000
Riverbend Road	2015	2,216,385	(487,604)	1,728,781
Offsite Sewer (Old Tow n)	2015	3,534,888	(777,677)	2,757,211
Main Street Traffic Circle - landscaping	2016	28,488	(8,546)	19,942
Road overlay/Replace asphalt - various roads	2016	266,286	(79,885)	186,401
Riverbend Road - landscaping	2017	138,851	(32,398)	106,453
Harmony Road - Phase III	2017	7,780,935	(985,585)	6,795,350
Signage and monumentation	2017	65,180	(13,760)	51,420
Summerfield Parkw ay Ditch Crossing	2018	1,254,806	(156,851)	1,097,955
Timnath Trail Drive Improvement	2018	171,526	(13,722)	157,804
Main Street Railroad Crossing	2018	31,340	(6,268)	25,072
Old Tow n Improvements	2019	4,390,873	(190,271)	4,200,602
Harmony Road & Latham at CR1	2019	313,099	(18,786)	294,313
Few ell Infrastructure	2019	447,529	(59,671)	387,858
Old Tow n Parking Lot	2019	148,466	(37,117)	111,349
Harmony Road Widening PH IV	2020	5,902,042	(177,060)	5,724,982
Railroad Crossing - Three Bell	2020	329,777	-	329,777
Total Infrastructure		60,026,880	(16,402,005)	43,624,875

**TOWN OF TIMNATH  
SCHEDULE OF DETAILED CAPITAL ASSETS (CONTINUED)  
DECEMBER 31, 2020**

Assets Name	Year of Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2020
<u>Parks and Recreation</u>				
Poudre Trail/Park	2013	390,805	(125,056)	265,749
Reservoir/Fencing	2013	43,773	(21,156)	22,617
Wildwing Park Landscaping	2013	113,535	(55,506)	58,029
Poudre River Trail - Regional - Design, Corridor, etc.	2015	321,883	(88,517)	233,366
Harmony Bridge Sculpture	2017	148,587	(30,543)	118,044
Poudre River Trailhead Park	2017	435,926	(55,217)	380,709
Portable Stage	2017	138,595	(18,018)	120,577
General Trail Improvements	2017	208,946	(27,163)	181,783
Wildwing Park (additional phase)	2017	309,868	(39,250)	270,618
Timnath South Reg. Park - Phase I	2018	4,135,396	(330,832)	3,804,564
Timnath Reservoir Trail & Park - Phase I	2018	1,552,545	(139,728)	1,412,817
General Trail Improvements	2020	181,394	(2,419)	178,975
Timnath South Regional Park Phase II	2020	4,948,030	(49,480)	4,898,550
Total Parks and Recreation		12,929,283	(982,885)	11,946,398
<u>Art</u>				
Swets sculptures	2008	100,121	(49,061)	51,060
Total Art		100,121	(49,061)	51,060
<u>Machinery and Equipment</u>				
Speeding signs, Trailers, Mowers, Message boards, etc.		656,562	(358,231)	298,331
Total Machinery & Equipment		656,562	(358,231)	298,331
<u>Computers and Software</u>				
Accounting Software, GIS Software, Website Upgrade, Etc.		149,916	(138,191)	11,725
Total Computers/Software		149,916	(138,191)	11,725
<u>Vehicles</u>				
PW Pick Up Truck	2007	10,000	(10,000)	-
PS Vehicle	2008	12,420	(12,420)	-
PW Pick Up Truck	2010	44,562	(44,562)	-
PW Dump Truck (w/plow)	2011	40,000	(36,000)	4,000
PW Tractor	2012	62,458	(36,782)	25,676
PS Vehicle	2013	29,900	(29,900)	-
PW Dump Truck (w/plow)	2015	85,000	(85,000)	-
PS Vehicle	2015	28,247	(28,247)	-
PW Tractor	2016	28,877	(8,663)	20,214
PS Vehicle	2016	47,825	(44,637)	3,188
PS Vehicle	2016	47,825	(44,637)	3,188
PS Vehicle	2016	47,825	(44,637)	3,188
PW Pick Up Truck	2017	68,606	(51,454)	17,152
PS Vehicle	2017	45,334	(32,490)	12,844
PS Vehicle	2018	58,105	(25,179)	32,926
PW Pick Up Truck	2019	47,271	(18,120)	29,151
PW Dump Truck	2019	309,500	(103,167)	206,333
PW Spreader	2020	34,387	(5,731)	28,656
PS Vehicle	2019	59,403	(14,851)	44,552
PS Vehicle	2019	59,403	(14,851)	44,552
PW Pick Up Truck	2020	50,993	(7,649)	43,344
PW Pick Up Truck	2020	46,796	(7,019)	39,777
PW Sweeper	2020	262,484	(30,623)	231,861
PW Mower	2020	58,057	(1,935)	56,122
PS Vehicle	2020	64,203	(2,140)	62,063
PS Vehicle	2020	64,203	(2,140)	62,063
PS Vehicle	2020	64,203	(2,140)	62,063
PS Vehicle	2020	46,676	(1,555)	45,121
Total Vehicles		1,824,563	(746,529)	1,078,034
Total Capital Assets Being Depreciated		86,166,989	(19,303,946)	66,863,043
Total Capital Assets		\$ 99,107,169	\$ (19,303,946)	\$ 79,803,223

**TOWN OF TIMNATH  
SCHEDULE OF IMPACT FEES  
YEAR ENDED DECEMBER 31, 2020**

<u>Impact Fee</u>	Balance at December 31, 2019	Impact Fees Collected* in 2020	Impact Fees Used in 2020	Balance at December 31, 2020
Parks	\$ 1,638,393	\$ 1,381,385	\$ 343,286	\$ 2,676,492
Police	678,471	257,536	375,956	560,051
Stormwater	705,887	217,293	16,795	906,385
Public Buildings	1,024,794	312,951	-	1,337,745
Transportation	2,796,401	858,020	8,801	3,645,620
Total	<u>\$ 6,843,946</u>	<u>\$ 3,027,185</u>	<u>\$ 744,838</u>	<u>\$ 9,126,293</u>

\*Includes interest allocation



## **LOCAL HIGHWAY FINANCE REPORT**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County:	Town of Timmath	
		YEAR ENDING :	December 2020	
This Information From The Records Of (example - City of _ or County of _): Town of Timmath		Prepared By:	Dezire Sanchez	
		Phone:	970-224-3211	
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>		
ITEM	AMOUNT	ITEM	AMOUNT	
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>		
1. Local highway-user taxes		1. Capital outlay (from page 2)	215,838	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,366,865	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	124,687	
2. General fund appropriations	489,150	b. Snow and ice removal	259,384	
3. Other local imposts (from page 2)	1,678,781	c. Other	0	
4. Miscellaneous local receipts (from page 2)	48,593	d. Total (a. through c.)	384,071	
5. Transfers from toll facilities		4. General administration & miscellaneous	268,579	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0	
a. Bonds - Original Issues		6. Total (1 through 5)	2,235,352	
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest	0	
7. Total (1 through 6)	2,216,524	b. Redemption	0	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0	
<b>C. Receipts from State government</b> (from page 2)	187,174	2. Notes:		
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,403,697	b. Redemption	0	
		c. Total (a. + b.)	0	
		3. Total (1.c + 2.c)	0	
		<b>C. Payments to State for highways</b>	168,345	
		<b>D. Payments to toll facilities</b>	0	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,403,697	
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)				
		Opening Debt	Amount Issued	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
	0	2,403,697	2,403,697	0
<b>Notes and Comments:</b>				

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	48,593
1. Sales Taxes	776,738	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	841,669	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	60,374	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,678,781	h. Other	0
c. Total (a. + b.)	1,678,781	i. Total (a. through h.)	48,593
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	166,632	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	20,542	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	20,542	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	187,174	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	38,988	176,850	215,838
(5). Total Construction (1) + (2) + (3) + (4)	38,988	176,850	215,838
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	38,988	176,850	215,838
			(Carry forward to page 1)

**Notes and Comments:**