

TOWN OF TIMNATH, COLORADO

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**TOWN OF TIMNATH
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YEAR ENDED DECEMBER 31, 2019**

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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, 2019, 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 is a blended component unit of the Town, 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, 2019, 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.

I

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 48 through 57 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 59 through 64 and the local highway finance report on pages 66 and 67 (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
July 28, 2020

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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, 2019.

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 \$39,558,058 (net position) at the close of the fiscal year.
- The Town's governmental funds reported combined ending fund balances of \$35,834,488 at the close of the fiscal year. Of this amount, \$17,216,291 is restricted for debt service, capital projects, conservation trust, grants, and emergencies, \$11,788,156 is committed for other capital improvements and working capital reserve, \$5,391 is assigned for activities of the Foundation and \$6,824,650 is unassigned.
- Total net position increased by \$6,836,421 or 20.9%, mainly attributable to the increase in the Town's tax revenues and charges for services.
- Total cash and investments decreased by \$6,344,604 or 14.4% from the prior year, mainly attributable to the use of the 2018 Certificates of Participation and the 2018 Timnath Development Authority Loan for construction of the new Town Center and various TDA capital projects, respectively.
- Tax revenues increased by \$1,981,528 or 13.0% from prior year.
- General Fund expenditures increased by \$5,974,405 as compared to the prior year. A significant portion of this increase was associated with costs related to capital improvements.

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.

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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.

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.

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 8-46 of this report.

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

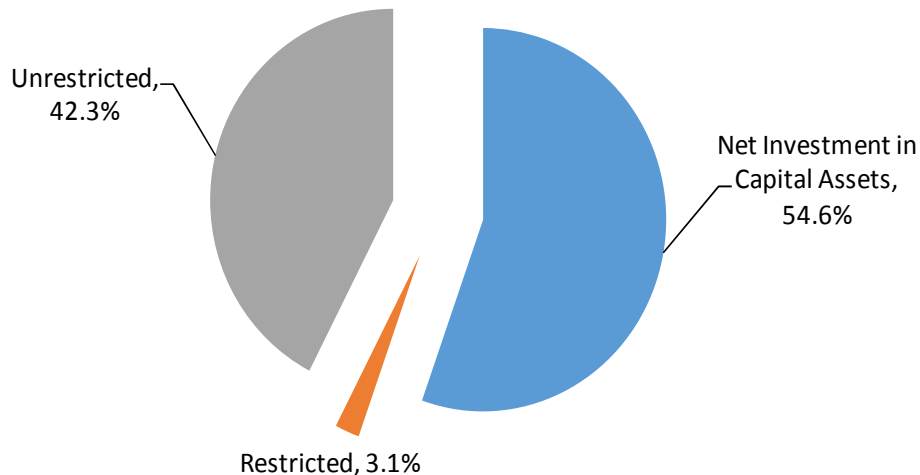
Government-wide Financial Analysis

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 \$39,558,058 at the end of the year.

Net Position

	December 31,	
	2019	2018
Current Assets	\$ 46,104,601	\$ 51,165,492
Capital Assets	77,009,673	68,041,325
Total Assets	<u>123,114,274</u>	<u>119,206,817</u>
Deferred Outflow of Resources	653,227	491,169
Total Deferred Outflow of Resources	<u>653,227</u>	<u>491,169</u>
Current Liabilities	3,220,511	4,036,187
Noncurrent Liabilities	73,646,283	76,361,485
Total Liabilities	<u>76,866,794</u>	<u>80,397,672</u>
Deferred Inflow of Resources	7,342,649	6,578,678
Total Deferred Inflow of Resources	<u>7,342,649</u>	<u>6,578,678</u>
Net Investment in Capital Assets	21,589,905	19,457,418
Restricted	1,229,839	759,896
Unrestricted	16,738,314	12,504,323
Total Net Position	<u><u>\$ 39,558,058</u></u>	<u><u>\$ 32,721,637</u></u>

NET POSITION - BY CATEGORY



**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Net investment in capital assets comprises 54.6% of the Town's net position. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

An additional 3.1% 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 balance of the Town's net position 42.3% 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

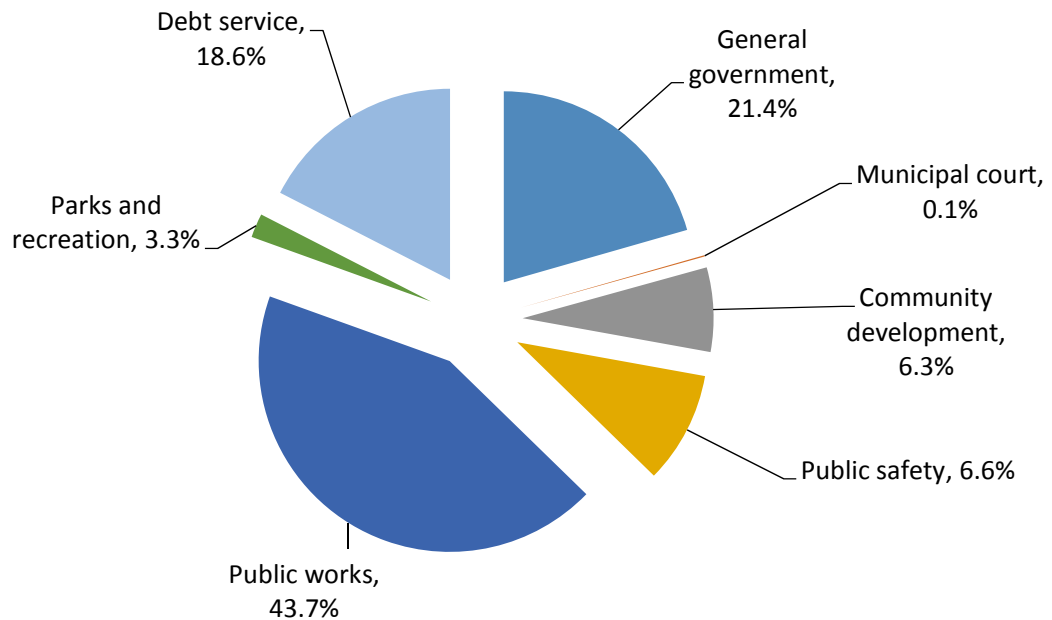
	December 31,	
	2019	2018
Revenue:		
Program Revenues:		
Charges for Services	\$ 6,486,144	\$ 5,696,149
Operating Grants and Contributions	299,496	251,376
Capital Grants and Contributions	274,224	254,855
General Revenues:		
Property Taxes	152,737	133,847
Sales Taxes	8,236,945	7,035,712
TIF and Other Taxes	8,870,822	8,109,417
Franchise Fees	235,043	188,785
Interest Income	528,212	301,924
Sale of Assets	-	111,651
Other Revenues	138,517	363,715
Total Revenues	<u>25,222,140</u>	<u>22,447,431</u>
Expenses:		
General Government	3,928,362	3,397,164
Municipal Court	16,883	17,037
Community Development	1,156,713	980,151
Public Safety	1,205,986	1,359,524
Public Works	8,043,842	6,019,934
Parks and Recreation	614,204	442,258
Interest and Related Costs on Long-Term Debt	3,419,729	2,245,848
Total Expenses	<u>18,385,719</u>	<u>14,461,916</u>
CHANGE IN NET POSITION	6,836,421	7,985,515
Net Position - Beginning of Year	<u>32,721,637</u>	<u>24,736,122</u>
NET POSITION - END OF YEAR	<u><u>\$ 39,558,058</u></u>	<u><u>\$ 32,721,637</u></u>

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

The Town's net position related to governmental activities increased by \$6,836,421 during the current fiscal year. Several key highlights of the statement of activities during 2019 are as follows:

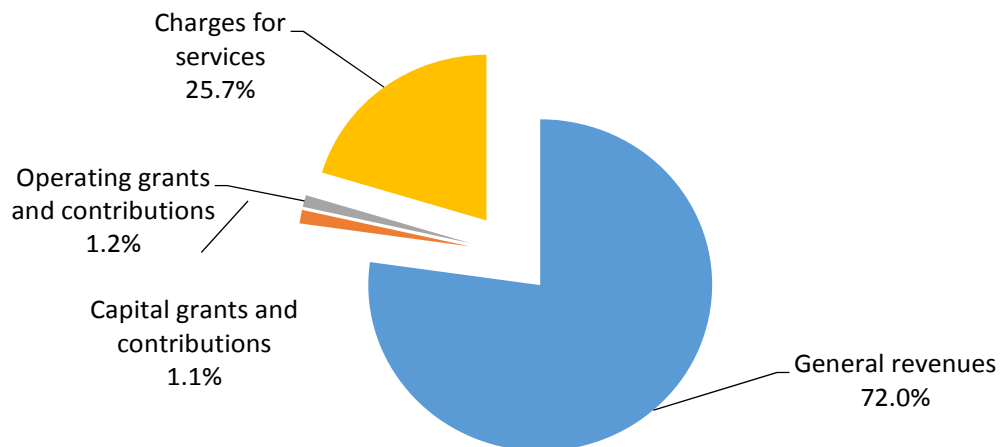
- 2019 charges for services increased by 14% from the prior year. This increase was related to increases in impact and development fees received by the Town from residential and commercial development.
- 2019 operating and capital grants and contributions increased by 13% from the prior year. In 2018, the Town received \$506,231 in operating and capital grants and contributions. In 2019, the Town received \$573,720 in operating and capital grants and contributions.
- Property and sales taxes increased by 14% and 17% respectively from the prior year.
- TIF and other taxes and franchise fees increased by 9% and 25% respectively from the prior year. This was primarily due to new residential and commercial development.
- Interest income increased by 75% as compared to 2019 due to interest rate increases as well as higher fund balances throughout 2019 of unspent Certificates of Participation and Timnath Development Authority Loan proceeds as compared to 2018.
- Total aggregate expenses for governmental activities increased by 27% as compared to the prior year. The main factors contributing to this increase were increases in personnel and general operating costs and increased debt service payments in 2019 as compared to 2018.

EXPENSES - GOVERNMENTAL ACTIVITIES

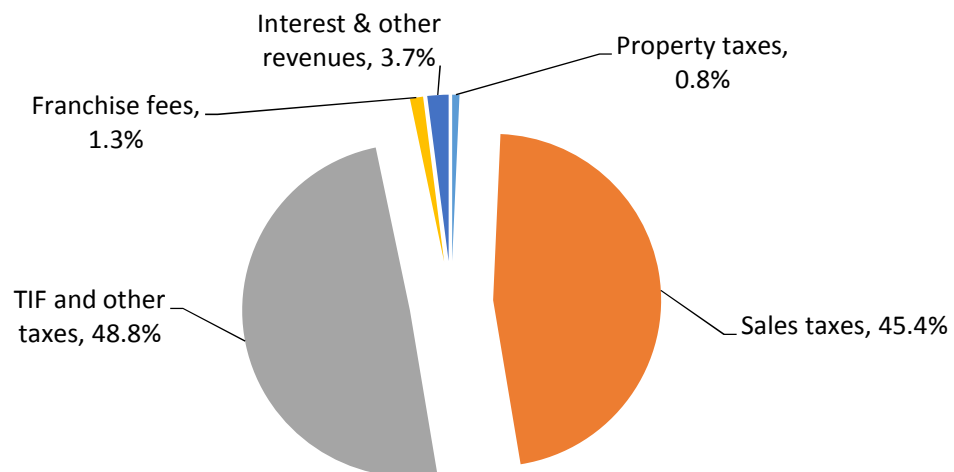


**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

**REVENUES BY SOURCE - GOVERNMENTAL
ACTIVITIES**



**GENERAL REVENUES BY SOURCE -
GOVERNMENTAL ACTIVITIES**



**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. 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 \$35,834,488. Of this amount, \$6,824,650 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 \$18,618,463, out of a total fund balance of \$20,345,930 or 92%.

The fund balance of the Town's General Fund increased by \$921,996 during the current fiscal year.

At the end of the current fiscal year, the TDA Fund reported a fund balance of \$15,486,419, 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 \$9,366,362. This unfavorable variance was primarily due to the receipt of less intergovernmental TDA transfers due to capital projects being delayed.

In the General Fund, the Town's actual expenditures were less than the appropriation by \$16,656,395. This favorable variance was mainly due to the delay of capital projects related to infrastructure.

Capital Assets

The Town reported \$77,009,673 in capital assets for its governmental-type activities for the year ended December 31, 2019. Additions during the year totaled \$11,676,716, primarily related to construction of roads, park and recreation improvements, and the new Town Center.

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

**TOWN OF TIMNATH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Long-Term Debt

As of December 31, 2019, the Town and the TDA had outstanding debts totaling \$73,646,283. 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 22 of this report.

Next Year's Budgets

The 2020 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 \$42.4 million in anticipated spending for fiscal year 2020. In addition to Town operations and maintenance expenditures, the Town's 2020 budget includes various capital improvement projects, including but not limited to, the commencement of the construction of a PD facility, continued construction of Timnath Community Park and various road and street projects including Parkway improvements and Prospect – Main Street to Frontage Road. The TDA has appropriated a total of \$25.6 million for spending in fiscal year 2020. The TDA's 2020 budget includes \$6.6 million for annual loan principal and interest repayment and \$17.3 million for intergovernmental transfers to the Town, of which \$12.0 million relates to TDA capital project costs anticipated to be completed during 2020.

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
4750 Signal Tree Drive
Timnath, CO 80547

BASIC FINANCIAL STATEMENTS

**TOWN OF TIMNATH
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 20,214,934
Cash and Investments - Restricted	17,530,171
Receivables:	
Taxes	872,412
Intergovernmental, Franchise and Other Receivable	144,720
Property Taxes Receivable	7,342,364
Capital Assets, Not Being Depreciated	18,898,233
Capital Assets, Net of Accumulated Depreciation	58,111,440
Total Assets	<u>123,114,274</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension/OPEB	653,227
Total Deferred Outflows of Resources	<u>653,227</u>
LIABILITIES	
Accounts Payable	1,851,275
Retainage Payable	339,714
Deposits	310,602
Consulting Agreements	426,158
Accrued Interest Payable	292,762
Noncurrent Liabilities:	
Due Within One Year	5,008,797
Due in More Than One Year	68,637,486
Total Liabilities	<u>76,866,794</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Revenue	7,342,364
Related to Pension/OPEB	285
Total Deferred Inflows of Resources	<u>7,342,649</u>
NET POSITION	
Net Investment in Capital Assets	21,589,905
Restricted for:	
Emergencies	381,000
Conservation Trust	166,609
Grants	2,405
Capital Projects	679,825
Unrestricted	16,738,314
Total Net Position	<u><u>\$ 39,558,058</u></u>

**TOWN OF TIMNATH
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 3,928,362	\$ 14,600	\$ 57,503	\$ -	\$ (3,856,259)
Municipal Court	16,883	37,698	-	-	20,815
Community Development	1,156,713	1,193,598	-	-	36,885
Public Safety	1,205,986	254,269	8,198	-	(943,519)
Public Works	8,043,842	3,506,108	233,795	-	(4,303,939)
Parks and Recreation	614,204	1,479,871	-	274,224	1,139,891
Interest and Related Costs on Long-Term Debt	3,419,729	-	-	-	(3,419,729)
Total Governmental Activities	<u>\$ 18,385,719</u>	<u>\$ 6,486,144</u>	<u>\$ 299,496</u>	<u>\$ 274,224</u>	(11,325,855)
GENERAL REVENUES					
Property Taxes					152,737
Sales Taxes					8,236,945
TIF Property Taxes					6,106,346
Other Taxes					2,764,476
Franchise Fees					235,043
Net Investment Income					528,212
Other Revenues					138,517
Total General Revenues					<u>18,162,276</u>
CHANGE IN NET POSITION					6,836,421
Net Position - Beginning of Year					<u>32,721,637</u>
NET POSITION - END OF YEAR					<u>\$ 39,558,058</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF TIMNATH
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Grants	Timnath Development Authority	Special Revenue- Timnath Landing GID	Capital Projects Timnath Landing GID	Timnath Foundation	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 20,205,115	\$ -	\$ -	\$ -	\$ -	\$ 9,819	\$ 20,214,934
Cash and Investments - Restricted	2,038,069	2,405	15,489,697	-	-	-	17,530,171
Receivables:							
Taxes	872,412	-	-	-	-	-	872,412
Intergovernmental, Franchise and Other Receivable	139,764	-	4,956	-	-	-	144,720
Property Tax Receivable	248,804	-	7,093,560	-	-	-	7,342,364
Due from Other Funds	-	-	588,402	-	-	-	588,402
Total Assets	<u>\$ 23,504,164</u>	<u>\$ 2,405</u>	<u>\$ 23,176,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,819</u>	<u>\$ 46,693,003</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 1,244,554	\$ -	\$ 596,636	\$ 5,657	\$ -	\$ 4,428	\$ 1,851,275
Retainage Payable	339,714	-	-	-	-	-	339,714
Deposits	310,602	-	-	-	-	-	310,602
Consulting Agreements	426,158	-	-	-	-	-	426,158
Due to Other Funds	588,402	-	-	-	-	-	588,402
Total Liabilities	<u>2,909,430</u>	<u>-</u>	<u>596,636</u>	<u>5,657</u>	<u>-</u>	<u>4,428</u>	<u>3,516,151</u>
DEFERRED INFLOWS OF RESOURCES							
Property Tax Revenue	<u>248,804</u>	<u>-</u>	<u>7,093,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,342,364</u>
Total Deferred Inflows of Resources	<u>248,804</u>	<u>-</u>	<u>7,093,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,342,364</u>
FUND BALANCES							
Restricted	1,727,467	2,405	15,486,419	-	-	-	17,216,291
Committed	11,788,156	-	-	-	-	-	11,788,156
Assigned	-	-	-	-	-	5,391	5,391
Unassigned	<u>6,830,307</u>	<u>-</u>	<u>-</u>	<u>(5,657)</u>	<u>-</u>	<u>-</u>	<u>6,824,650</u>
Total Fund Balances	<u>20,345,930</u>	<u>2,405</u>	<u>15,486,419</u>	<u>(5,657)</u>	<u>-</u>	<u>5,391</u>	<u>35,834,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,504,164</u>	<u>\$ 2,405</u>	<u>\$ 23,176,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,819</u>	<u>\$ 46,693,003</u>

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, 2019**

Total Fund Balance - Governmental Funds	\$ 35,834,488
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital Assets, Not Being Depreciated	18,898,233
Capital Assets, Net of Accumulated Depreciation	58,111,440

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	612,834
Related to OPEB	40,393

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	(285)
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Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued Interest Payable	(292,762)
Notes Payable - Compass Bank	(60,020,000)
Certificates of Participation	(8,545,100)
Promissory Notes - Hartford	(1,198,841)
Capital Lease - Police Vehicles	(129,489)
Compensated Absences	(113,341)
Net Pension Liability	(2,231,496)
OPEB	(187,108)
Developer Advance Payable	(1,189,790)
Town Advance Payable	(31,118)

Net Position of Governmental Activities	<u><u>\$ 39,558,058</u></u>
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TOWN OF TIMNATH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Grants	Timnath Development Authority	Special Revenue - Timnath Landing GID	Capital Projects - Timnath Landing GID	Timnath Foundation	Total Governmental Funds
REVENUES							
Taxes	\$ 5,359,875	\$ -	\$ 11,900,629	\$ -	\$ -	\$ -	\$ 17,260,504
Intergovernmental:							
Town/TDA	9,356,920	-	-	-	-	-	9,356,920
Other	545,097	-	-	-	-	-	545,097
Licenses, Fees and Charges	6,445,117	-	-	-	-	-	6,445,117
Franchise Fees	235,043	-	-	-	-	-	235,043
Fines and Forfeitures	37,698	-	-	-	-	-	37,698
Net Investment Income	395,296	-	132,916	-	-	-	528,212
Other Revenues	138,517	-	-	-	-	-	138,517
Town Contribution	-	-	-	-	-	23,754	23,754
Grants	-	8,198	-	-	-	-	8,198
Total Revenues	22,513,563	8,198	12,033,545	-	-	23,754	34,579,060
EXPENDITURES							
General and Operating:							
General Government	3,585,692	-	176,108	36,775	-	-	3,798,575
Municipal Court	16,883	-	-	-	-	-	16,883
Community Development	1,160,670	-	-	-	-	-	1,160,670
Public Safety	1,259,508	-	-	-	-	-	1,259,508
Public Works	2,066,538	-	-	-	-	-	2,066,538
Parks and Recreation	282,628	-	-	-	-	-	282,628
Debt Service:							
Principal	574,900	-	3,325,000	-	-	-	3,899,900
Interest	445,968	-	2,991,029	-	-	-	3,436,997
Capital Outlay:							
Parks and Recreation Improvements	1,069,403	-	-	-	-	-	1,069,403
Infrastructure Improvements	6,823,615	-	-	-	-	-	6,823,615
Building and Equipment	3,208,786	-	-	-	-	-	3,208,786
Stormwater Improvements	-	-	286,974	-	-	-	286,974
Land and Property Acquisition	1,104,424	-	-	-	-	-	1,104,424
Developer Shareback Incentive	-	-	2,191,859	-	-	-	2,191,859
Intergovernmental - Town/TDA	-	-	9,356,920	-	-	-	9,356,920
Contract Reimbursement	-	-	-	-	1,189,790	-	1,189,790
Foundation							
Accounting, Legal and General	-	-	-	-	-	18,363	18,363
Total Expenditures	21,599,015	-	18,327,890	36,775	1,189,790	18,363	41,171,833

See accompanying Notes to Basic Financial Statements.

TOWN OF TIMNATH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	General	Grants	Timnath Development Authority	Special Revenue - Timnath Landing GID	Capital Projects - Timnath Landing GID	Timnath Foundation	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	914,548	8,198	(6,294,345)	(36,775)	(1,189,790)	5,391	(6,592,773)
OTHER FINANCING SOURCES (USES)							
Town Advances	-	-	-	31,118	-	-	31,118
Developer Advances	-	-	-	-	1,189,790	-	1,189,790
Transfers In (Out)	7,448	(7,448)	-	-	-	-	-
Total Other Financing Sources (Uses)	7,448	(7,448)	-	31,118	1,189,790	-	1,220,908
NET CHANGE IN FUND BALANCES	921,996	750	(6,294,345)	(5,657)	-	5,391	(5,371,865)
Fund Balances - Beginning of Year	19,423,934	1,655	21,780,764	-	-	-	41,206,353
FUND BALANCES - ENDING OF YEAR	<u>\$ 20,345,930</u>	<u>\$ 2,405</u>	<u>\$ 15,486,419</u>	<u>\$ (5,657)</u>	<u>\$ -</u>	<u>\$ 5,391</u>	<u>\$ 35,834,488</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, 2019

Net Change in Fund Balances - Governmental Funds \$ (5,371,865)

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	11,676,716
Depreciation	(2,708,368)

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	(118,805)
Developer Advances	(1,189,790)
Town Advances	(31,118)
Payment of Principal - Capital Leases	91,428
Payment of Principal - Compass Bank Loan	3,325,000
Payment of Principal - Certificates of Participation	574,900
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	(48,174)
Accrued Interest Payable - Change in Liability	(5,900)
Pension Related - Net Expense	174,832
OPEB Related - Net Expense	(9,031)

Change in Net Position of Governmental Activities	\$ 6,836,421
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**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. Subsequent to December 31, 2019, the Foundation was dissolved.

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, 2019**

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, 2019**

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.

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.

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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, 2019. This deficit will be eliminated with Town advances in 2020.

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Note 3 - Cash and Investments

Statement of Net Position:

Cash and Investments	\$ 20,214,934
Cash and Investments - Restricted	17,530,171
Total Cash and Investments	<u>\$ 37,745,105</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and Investments as of December 31, 2019, consist of the following:

Cash on Hand	\$ 350
Cash and Deposits with Financial Institutions	19,348,749
Investments	18,396,006
Total Cash and Investments	<u>\$ 37,745,105</u>

Deposits with Financial Institutions

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

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

At December 31, 2019, the Town's cash deposits had a bank balance of \$19,083,752 and a carrying balance of \$19,348,749.

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, 2019**

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, 2019, 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>\$ 18,396,006</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, 2019**

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
FUND BALANCES							
Restricted for:							
Emergencies (TABOR Reserve)	\$ 381,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,000
Conservation Trust	166,609	-	-	-	-	-	166,609
Public Safety Grant	-	2,405	-	-	-	-	2,405
Capital Projects	1,179,858	-	13,970,351	-	-	-	15,150,209
Debt Service	-	-	1,516,068	-	-	-	1,516,068
Total	<u>1,727,467</u>	<u>2,405</u>	<u>15,486,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,216,291</u>
Committed for:							
Streets, Public Safety, Parks, School, Storm Sewer and Other Improvements (Impact Fees and In-Lieu Fees)	9,562,056	-	-	-	-	-	9,562,056
Working Capital Reserve - 25.0% of Operating Expenditures	<u>2,226,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226,100</u>
Total	<u>11,788,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,788,156</u>
Assigned:							
Cultural Improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,391</u>	<u>5,391</u>
Unassigned:							
General Government	<u>6,830,307</u>	<u>-</u>	<u>-</u>	<u>(5,657)</u>	<u>-</u>	<u>-</u>	<u>6,824,650</u>
Total Fund Balances	<u>\$ 20,345,930</u>	<u>\$ 2,405</u>	<u>\$ 15,486,419</u>	<u>\$ (5,657)</u>	<u>\$ -</u>	<u>\$ 5,391</u>	<u>\$ 35,834,488</u>

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following schedule summarizes the Town's interfund balances as of December 31, 2019:

	Receivables	Payables	Net
Timnath Development Authority (TDA)	\$ 588,402	\$ -	\$ 588,402
General Fund	-	588,402	(588,402)

The General Fund owes the TDA \$588,402 related to funds needed to pay for TDA contracted capital costs and developer shareback incentives.

The following schedule summarizes the Town's transfers for the year ended December 31, 2019:

	Transfers in General Fund
Transfers Out:	
Grants Fund	\$ 7,448
Total	<u>\$ 7,448</u>

The transfer of \$7,448 from the Grants Fund to the General Fund represents funds from grants used to fund certain public safety costs.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 CAPITAL ASSETS

The following is an analysis of the changes in the Town's capital assets for the year ended December 31, 2019:

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 11,765,152	\$ -	\$ -	\$ 11,765,152
Construction in Progress	9,346,280	10,875,110	(13,088,309)	7,133,081
Total Capital Assets, Not Being Depreciated	21,111,432	10,875,110	(13,088,309)	18,898,233
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,403,020	8,076,644	-	10,479,664
Infrastructure (Roads, etc.)	48,495,094	5,299,967	-	53,795,061
Parks and Recreation	7,799,859	-	-	7,799,859
Art	100,121	-	-	100,121
Machinery and Equipment	616,934	29,228	-	646,162
Computers and Software	149,916	-	-	149,916
Vehicles	704,403	484,076	-	1,188,479
Total Capital Assets, Being Depreciated	60,269,347	13,889,915	-	74,159,262
Less Accumulated Depreciation for:				
Buildings and Improvements	(313,623)	(129,605)	-	(443,228)
Infrastructure (Roads, etc.)	(11,985,588)	(2,009,995)	-	(13,995,583)
Parks and Recreation	(284,246)	(323,370)	-	(607,616)
Art	(41,051)	(4,005)	-	(45,056)
Machinery and Equipment	(207,146)	(73,593)	-	(280,739)
Computers and Software	(113,854)	(13,285)	-	(127,139)
Vehicles	(393,946)	(154,515)	-	(548,461)
Total Accumulated Depreciation	(13,339,454)	(2,708,368)	-	(16,047,822)
Total Capital Assets Being Depreciated, Net	46,929,893	11,181,547	-	58,111,440
Governmental Activities Capital Assets, Net	<u>\$ 68,041,325</u>	<u>\$ 22,056,657</u>	<u>\$ (13,088,309)</u>	<u>\$ 77,009,673</u>

Depreciation expense for 2019 was charged to the following functions/programs:

General Government	\$ 146,585
Public Safety	85,250
Parks and Recreation	325,299
Public Works	2,151,234
Total Depreciation Expense	<u>\$ 2,708,368</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019:

	Balance at December 31, 2018	Additions	Retirements	Balance at December 31, 2019	Due Within One Year
<u>Governmental Activities:</u>					
Town:					
Capital Lease -					
Police Vehicles	\$ 35,868	\$ -	\$ (35,868)	\$ -	\$ -
Capital Lease -					
Police Vehicle	22,666	-	(11,333)	11,333	11,333
Capital Lease -					
Police Vehicle	43,578	-	(14,526)	29,052	14,526
Capital Lease -					
Police Vehicles	-	118,805	(29,701)	89,104	29,701
Certificates of Participation	9,120,000	-	(574,900)	8,545,100	603,300
Promissory Note - Hartford	692,845	-	(230,948)	461,897	230,948
Promissory Note - Hartford	982,592	-	(245,648)	736,944	245,648
Compensated absences	65,167	48,174	-	113,341	113,341
Net Pension Liability	1,882,987	348,509	-	2,231,496	-
OPEB	170,781	16,327	-	187,108	-
Total Town	13,016,484	531,815	(1,142,924)	12,405,375	1,248,797
Timnath Development					
Authority:					
Loan Payable - Compass	43,345,000	-	(3,125,000)	40,220,000	3,260,000
Loan Payable - Compass	20,000,000	-	(200,000)	19,800,000	500,000
Total TDA	63,345,000	-	(3,325,000)	60,020,000	3,760,000
Timnath Landing General					
Improvement District:					
Developer Advances	-	1,189,790	-	1,189,790	-
Town Advances	-	31,118	-	31,118	-
Total GiD	-	1,220,908	-	1,220,908	-
Total	\$ 76,361,484	\$ 1,752,723	\$ (4,467,924)	\$ 73,646,283	\$ 5,008,797

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

Capital Lease – Police Vehicles: On April 14, 2016, the Town entered into a capital lease agreement with Ford Motor Credit Company LLC to acquire three (3) police vehicles. The lease bears an annual interest rate of 5.95%, and requires an annual payment of \$35,868 starting on April 14, 2016 and last payment on April 14, 2019. The vehicles are carried at \$143,474 with \$105,215 in accumulated depreciation as of December 31, 2019.

Capital Lease – Police Vehicle: 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 \$23,423 in accumulated depreciation as of December 31, 2019.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Capital Lease – Police Vehicle: 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 \$13,558 in accumulated depreciation as of December 31, 2019.

Capital Lease – Police Vehicles: 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 \$5,940 in accumulated depreciation as of December 31, 2019.

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.

Compensated Absences: Town employees' accrued vacation liability as of December 31, 2019, totaled \$113,341. See Note 2 for additional information.

Net Pension Liability: See Note 10 for information.

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

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 extra-ordinary 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.

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.

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

<u>\$9,120,000 Certificates of Participation</u>			
<u>Year Ending December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2020	\$ 603,300	\$ 417,855	\$ 1,021,155
2021	633,100	388,354	1,021,454
2022	664,400	357,396	1,021,796
2023	697,300	324,906	1,022,206
2024	731,700	290,808	1,022,508
2025-2029	4,237,900	880,636	5,118,536
2030	977,400	47,795	1,025,195
Total	<u>\$ 8,545,100</u>	<u>\$ 2,707,750</u>	<u>\$ 11,252,850</u>

<u>\$50,000,000 Loan Payable - Compass Bank</u>			
<u>Year Ending December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2020	\$ 3,260,000	\$ 1,815,531	\$ 5,075,531
2021	3,415,000	1,663,816	5,078,816
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
2025-2029	22,340,000	3,107,552	25,447,552
Total	<u>\$ 40,220,000</u>	<u>\$ 10,630,832</u>	<u>\$ 50,850,832</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

<u>\$20,000,000 Loan Payable - Compass Bank</u>			
<u>Year Ending December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2020	\$ 500,000	\$ 1,001,743	\$ 1,501,743
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
2025-2029	12,790,000	2,013,644	14,803,644
Total	<u>\$ 19,800,000</u>	<u>\$ 6,546,122</u>	<u>\$ 26,346,122</u>

<u>\$692,845 Promissory Note - Hartford Investments</u>			
<u>Year Ending December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2020	\$ 230,948	\$ 23,095	\$ 254,043
2021	230,949	11,547	242,496
Total	<u>\$ 461,897</u>	<u>\$ 34,642</u>	<u>\$ 496,539</u>

<u>\$982,592 Promissory Note - Hartford Investments</u>			
<u>Year Ending December 31,</u>	<u>Principal Due December 19</u>	<u>Interest Due December 19</u>	<u>Total</u>
2020	\$ 245,648	\$ 36,847	\$ 282,495
2021	245,648	24,565	270,213
2022	245,648	12,282	257,930
Total	<u>\$ 736,944</u>	<u>\$ 73,694</u>	<u>\$ 810,638</u>

Operating Lease

On December 7, 2016, the Town entered into an Agreement for Lease of Real Property (Lease) with Cache La Poudre Reservoir Co. for the use of certain property within the Town. The Lease is an operating lease with a term of 15 years starting on December 7, 2016 (Original Term). The parties agree to enter an additional 5 years term to commence immediately if they can agree to the Lease Payment for the additional 5-year term at least 60 days prior to the termination of 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, 2019**

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, 2019, the Town had net investment in capital assets calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 77,009,673
Long-Term Debt Related to Acquisition of Capital Assets	(69,893,430)
Unspent Proceeds of Long-Term Debt Related to Acquisition of Capital Assets	14,473,662
Net Investment in Capital Assets	<u><u>\$ 21,589,905</u></u>

The restricted component of net position consists of assets restricted for use by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation. The Town's restricted net position as of December 31, 2019, include the following:

Restricted Net Position:	
Emergencies (Tabor Reserve)	\$ 381,000
Conservation Trust	166,609
Grants	2,405
Capital Projects	679,825
Total Restricted Net Position	<u><u>\$ 1,229,839</u></u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital asset component and the restricted component of net position. The unrestricted component of the Town's net position as of December 31, 2019, totaled \$16,738,314.

NOTE 9 COMMITMENTS

Construction Commitments

As of December 31, 2019, the Town had unexpended commitments from major construction contracts totaling \$920,881. Of this amount, \$339,714 was recorded as retainage payable.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

General Information about the Pension Plan

Plan Description: Eligible employees of the Town are provided with pensions through the Local Government Division Trust Fund (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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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.

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

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

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

In all cases, the service retirement benefit is limited to 100% of highest average salary and 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1% based on the parameters specified C.R.S § 24-51-413.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer and § 24-51-413 contribution requirements are summarized in the table below:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Employer Contribution Rate ¹	10.00 %	10.00 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)	(1.02)
Amount Apportioned to the LGDTF ¹	8.98	8.98
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	2.20	2.20
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	1.50	1.50
Total Employer Contribution Rate to the LGDTF ¹	<u>12.68 %</u>	<u>12.68 %</u>

¹ Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-401(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 \$150,888 for the year ended December 31, 2019.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

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

At December 31, 2019, the Town reported a liability of \$2,231,496 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the Town's proportion was 0.1775%, which was an increase of 0.1691 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of (\$171,430). At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 93,306	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	290,604	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	78,036	-
Contributions Subsequent to the Measurement Date	<u>150,888</u>	<u>-</u>
Total	<u>\$ 612,834</u>	<u>\$ -</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

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

\$150,888 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, 2020. 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 Ending December 31,</u>	<u>Amount</u>
2020	\$ 232,200
2021	54,920
2022	16,193
2023	158,633
Total	<u>\$ 461,946</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2% compounded annually
PERA Benefit Structure Hired After December 31, 2006;	

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount Rate	7.25%
Post-Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to 1/1/07 and DPS Benefit Structure (Automatic)	0% through 2019 and 1.5% Compounded Annually, Thereafter
PERA Benefit Structure Hired After 12/31/06 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% 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 actuarial assumptions used in the December 31, 2016 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 presentation 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (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%.

Discount Rate

The discount rate used to measure the total pension 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:

- 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increased in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Discount Rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the 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% 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%. 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 Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town of Timnath's Proportionate Share of the Net Pension Liability	\$ 3,413,728	\$ 2,231,496	\$ 1,242,440

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Changes between the Measurement Date of the Net Pension Liability and December 31, 2019

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate*. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan Description

Eligible employees of the Town are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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.

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 Division, School Division, Local Government Division and Judicial Division Trust Funds), 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided (Continued)

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

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

PERA Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Town were \$12,137 for the year ended December 31, 2019.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

At December 31, 2019, the Town reported a liability of \$187,108 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Town's proportion was 0.0138%, which was an increase of 0.0131% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$9,304. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 679	\$ 285
Changes of Assumptions or Other Inputs	1,313	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,076	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	25,188	-
Contributions subsequent to the measurement date	12,137	-
Total	<u>\$ 40,393</u>	<u>\$ 285</u>

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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)

\$12,137 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. 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 Ending December 31,</u>	<u>Amount</u>
2020	\$ 6,301
2021	6,301
2022	6,301
2023	7,048
2024	1,957
Thereafter	63
Total	<u>\$ 27,971</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following 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 the 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	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.25% for 2018, gradually rising to 5% in 2025

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 points.

The actuarial assumptions used in the December 31, 2017, valuations 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	\$ 236
Rocky Mountain Health Plans Medicare HMO	611	\$ 251
United Healthcare Medicare HMO	686	\$ 213

The 2018 Medicare Part A premium is \$422 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 sixty-five for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2018	5.00 %	3.25 %
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.25
2023	5.00	4.50
2024	5.00	4.75
2025+	5.00	5.00

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% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement 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% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Healthy, post-retirement 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following economic and demographic 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 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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 by the investment consultant 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, 2019**

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	<u>100.00 %</u>	

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 Town's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare Trend Rate	4.00 %	5.00 %	6.00 %
Initial Medicare Part A Trend Rate	2.25 %	3.25 %	4.25 %
Ultimate Medicare Part A Trend Rate	4.00 %	5.00 %	6.00 %
Proportionate Share of the Net OPEB Liability	\$ 181,941	\$ 187,108	\$ 193,051

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2018, 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's 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% 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. There was no change in the discount rate from the prior measurement date.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following presents the Town's proportionate share of the net OPEB liability, as well as what the Town's 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 discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town of Timnath's Proportionate Share of the Net OPEB Liability	\$ 209,358	\$ 187,108	\$ 168,087

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12 DEFERRED COMPENSATION PLAN – ASSETS IN TRUST

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

NOTE 13 MAJOR TAXPAYERS

For the year ending December 31, 2019, approximately 84.37% of the Town's sales tax revenue was received from five taxpayers, and of those five taxpayers, two taxpayers constituted approximately 80.16% 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 AGREEMENTS (CONTINUED)

Timnath Development Authority (Continued)

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

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

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

The TDA has 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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 AGREEMENTS (CONTINUED)

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.

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.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 AGREEMENTS (CONTINUED)

Boxelder Basin “B” Dams (Continued)

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. As of July 2020, the state has completed the review of two of the dams, and are continuing on the others. Warning systems, and possible improvements, are still being recommended, but currently the required improvements do not appear to be as significant (i.e. costly) as was being proposed in 2018. The study is continuing on all of the structures to determine a final solution, with input and concurrence from the State.

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, recorded with Larimer County on February 15, 2012, and subsequently amended most recently as of February 11, 2020, which provide Riverbend the option to purchase Lot 16 from the TDA if the Town does not begin construction of a police station on the property by July 31, 2020. The purchase price for Lot 16 shall be equal to \$310,000. Should Riverbend exercise its option to purchase Lot 16, then upon issuance of the building permit for construction of a building on Lot 16, the building permit applicant shall pay to the TDA an amount equal to the prorata share allocated to Lot 16 to reimburse the cost of subdivision improvements constructed by the TDA pursuant to the Amended and Restated Public Improvement Agreement (PIA) between the Town and Riverbend dated October 14, 2014. The pro rata share attributable to Lot 16 would be due to the TDA at building permit issuance totals \$190,791.

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. During 2019, \$2,191,859 was paid by the TDA under this agreement. It is anticipated that approximately \$941,000 will be shared back in 2020 under this agreement.

Colorado Department of Transportation

In 2017, the Town entered into an intergovernmental agreement with the Colorado Department of Transportation (CDOT) regarding certain improvements to the north I-25 corridor as part of a regional partnership related to the project. The Town agrees to pay \$500,000 over the course of three years related to this agreement beginning in 2017. During 2019, the Town paid \$166,667 to CDOT for its commitment of the aforementioned project.

**TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 AGREEMENTS (CONTINUED)

City of Fort Collins – I-25 Interchange

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

Timnath Landing General Improvement District

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

NOTE 15 CONTINGENCIES

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

NOTE 16 RISK MANAGEMENT

The Town is 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.

TOWN OF TIMNATH
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 17 TAX, SPENDING AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2019, the Town reserved \$381,000 of the General Fund's fund balance in accordance with this requirement. Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

NOTE 18 SUBSEQUENT EVENT

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, the impact of COVID-19 could have a potential decline or reduction in sales taxes in 2020. The Town relies on sales taxes to pay for a portion of its annual operating and maintenance costs. Additionally, sales taxes collected within the TDA boundaries are considered as pledged revenues for repayment of the TDA loans should the TDA's property tax revenues be insufficient to pay for the annual principal and interest amounts. This financial impact is not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end. Management believes the Town is taking appropriate actions to mitigate this negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Property Tax	\$ 152,949	\$ 152,737	\$ (212)
Specific Ownership Tax	59,600	55,409	(4,191)
Sales Tax	1,860,000	2,442,662	582,662
Motor Vehicle Sales Tax	492,000	701,098	209,098
Lodging Tax	3,600	633	(2,967)
Building Materials Use Tax	1,724,300	2,007,336	283,036
Total	4,292,449	5,359,875	1,067,426
Intergovernmental:			
1/4 Cent Sales Tax	293,000	236,281	(56,719)
Highway Users Tax (HUTF)	151,881	205,428	53,547
Conservation Trust Fund	32,362	37,943	5,581
Cigarette Tax	16,000	17,253	1,253
Severance Tax	8,557	16,496	7,939
County Road and Bridge Shareback	47,693	10,932	(36,761)
Motor Vehicle Registration Fees	18,100	17,435	(665)
SRO Program - Poudre School District	-	3,329	3,329
Capital - Transfer from TDA	16,375,000	6,400,176	(9,974,824)
Intergovernmental - Transfer from TDA	3,017,484	2,956,744	(60,740)
Total	19,960,077	9,902,017	(10,058,060)
Licenses, Fees and Charges:			
Sales and Use Tax and Business License Fees	18,500	14,300	(4,200)
Liquor License Fees	750	300	(450)
Building Permit Fees	382,200	775,318	393,118
Community Development Fees	14,000	13,461	(539)
Administrative Fees	319,500	386,169	66,669
Impact Fees and In-Lieu Fees	2,513,549	3,569,172	1,055,623
Contract Reimbursements	2,028,200	1,477,033	(551,167)
Developer Chargebacks	252,900	190,714	(62,186)
Other Licenses, Fees and Charges	13,000	18,650	5,650
Total	5,542,599	6,445,117	902,518
Franchise Fees	204,800	235,043	30,243
Fines and Forfeitures	70,000	37,698	(32,302)
Net Investment Income	185,000	395,296	210,296
Land Sale	1,400,000	-	(1,400,000)
Town Annual Event Sponsorships	150,000	30,000	(120,000)
Other Revenues	75,000	108,517	33,517
Total Revenues	31,879,925	22,513,563	(9,366,362)

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
General Government:			
Town Council Expenditures	\$ 8,000	\$ 3,862	\$ 4,138
Town Administration - Salaries and Benefits	729,633	597,256	132,377
Town Clerk - Elections	4,000	-	4,000
County Treasurer and Other Fees	35,000	38,840	(3,840)
Dues and Memberships	10,000	6,570	3,430
Finance - Contracted	291,000	292,056	(1,056)
Finance - Contracted - Out of Scope	50,000	55,635	(5,635)
Human Resources - Contracted	20,000	13,115	6,885
Information Technology - Contracted	85,000	87,766	(2,766)
Information Technology - Hardware and Software	105,000	95,939	9,061
Legal - Contracted	390,100	311,442	78,658
Legal - Contracted - Out of Scope	65,000	133,865	(68,865)
Legal - Contracted - Special Counsel	200,000	434,442	(234,442)
Audit	19,000	18,750	250
Consulting	65,000	52,593	12,407
Cyber Security Audit	10,000	-	10,000
Insurance	129,300	132,819	(3,519)
General Office and Administration	620,000	510,802	109,198
Town Events	565,000	565,124	(124)
Community Engagement	80,000	65,330	14,670
Economic Development	155,000	76,739	78,261
IGA - Timnath Landing GID	-	36,775	(36,775)
Other	125,000	55,972	69,028
Total	3,761,033	3,585,692	175,341
Municipal Court:			
Municipal Judge	12,000	3,390	8,610
Legal	32,000	13,200	18,800
Translator	1,100	293	807
Defendant Counsel	5,000	-	5,000
Jail Services	1,000	-	1,000
Total	51,100	16,883	34,217
Community Development:			
Salaries and Benefits	76,251	70,192	6,059
Planning - Contracted	561,610	552,463	9,147
Master Planning Studies	253,000	190,336	62,664
Consulting	16,000	2,932	13,068
Building Permits - Contracted	5,000	400	4,600
Code Enforcement - Contracted	35,000	40,464	(5,464)
Development Review - Engineering	138,000	142,780	(4,780)
Development Review - Planning	99,000	74,400	24,600
Development Review - Legal	44,000	48,990	(4,990)
General Office and Administration	23,500	27,312	(3,812)
Other	6,500	10,401	(3,901)
Total	1,257,861	1,160,670	97,191

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)			
Public Safety:			
Salaries and Benefits	\$ 1,417,395	\$ 941,216	\$ 476,179
General Office and Administration	18,825	13,199	5,626
Equipment	76,416	31,215	45,201
Contracted Services	107,493	87,066	20,427
Vehicles and Maintenance	125,754	118,968	6,786
Training	33,530	25,897	7,633
Miscellaneous	62,345	41,947	20,398
Total	1,841,758	1,259,508	582,250
Public Works:			
Salaries and Benefits	395,252	398,025	(2,773)
Public Works Director - Contracted	204,660	214,256	(9,596)
General Engineering - Contracted	243,483	247,744	(4,261)
General Engineering - Contracted - Out of Scope	85,000	39,617	45,383
Mosquito Control	44,000	33,300	10,700
Weed Control	100,000	34,244	65,756
Grading	30,000	-	30,000
Vehicles - Repairs and Maintenance	435,000	430,024	4,976
Materials	20,000	21,140	(1,140)
Equipment Rentals	3,000	350	2,650
Snow Plowing	25,000	13,603	11,397
Street Sweeping	12,000	5,850	6,150
Street Lighting	120,000	79,788	40,212
Signal Maintenance	25,000	16,306	8,694
Drainage	22,000	500	21,500
Road Maintenance/Resurfacing	375,000	378,183	(3,183)
Landscape Maintenance	50,000	22,306	27,694
Street Signs	12,000	6,314	5,686
Street Striping	60,000	54,425	5,575
Boxelder ESDP	89,000	-	89,000
Boxelder B-Dams Participation	-	37,534	(37,534)
Other	36,000	33,029	2,971
Total	2,386,395	2,066,538	319,857
Parks and Recreation:			
Salaries and Benefits	38,005	19,409	18,596
Park Maintenance	200,950	137,709	63,241
Reservoir Lease	127,518	125,510	2,008
General Park Development	75,000	8,426	66,574
General Trail Improvements	193,000	48,694	144,306
Future 80 Acre Community Park	15,000	-	15,000
I-25 Underpass Trail Contribution - Poudre Trail	50,000	-	50,000
Timnath South Regional Park - Construction	3,050,000	849,190	2,200,810
Poudre River Trailhead Park	40,000	-	40,000
Timnath Reservoir Trail and Park	400,000	57,952	342,048
TROC Trail	845,000	26,765	818,235
Water Rights and Non-Potable System	380,000	78,376	301,624
Total	5,414,473	1,352,031	4,062,442

**TOWN OF TIMNATH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)			
Debt Service:			
Certificates of Participation - Principal	\$ 574,900	\$ 574,900	\$ -
Certificates of Participation - Interest	445,968	445,968	-
Total	<u>1,020,868</u>	<u>1,020,868</u>	<u>-</u>
Capital Outlay:			
Roads and Utilities			
Bethke School Zone	55,000	-	55,000
Fewell Infrastructure	640,000	433,311	206,689
Harmony Interchange Landscape North	15,000	4,722	10,278
Harmony Road Electrical Undergrounding	20,000	1,580	18,420
Harmony Road Phase IV	7,200,000	5,622,597	1,577,403
Harmony Road and Latham at CR1 Signal	235,000	270,853	(35,853)
Latham Parkway Wildwing to Hwy 14	163,000	13,571	149,429
I-25 Improvements - CDOT	166,667	166,667	-
Main Street Buss Grove to Prospect	100,000	6,689	93,311
Old Town improvements - Phase II	1,350,000	283,163	1,066,837
Parkway Improvements	2,800,000	-	2,800,000
Prospect - I-25 Interchange Participation	200,000	-	200,000
Prospect - Main St to Frontage Rd	100,000	10,089	89,911
Railroad Crossing Improvements - Three Bell	570,000	10,373	559,627
Signage and Monumentation	350,000	-	350,000
Buildings and Equipment			
Town Center Building	3,535,000	3,057,331	477,669
Emergency Preparedness	5,000	-	5,000
Police Department Facility	600,000	86,276	513,724
Public Works/Town Administration Building	195,000	33,451	161,549
Variable Message Board	60,000	29,228	30,772
Website Upgrade	10,000	2,500	7,500
Stormwater			
Regional Stormwater Improvements	200,000	-	200,000
Community/Vision Projects	3,952,255	1,104,424	2,847,831
Total	<u>22,521,922</u>	<u>11,136,825</u>	<u>11,385,097</u>
Total Expenditures	<u>38,255,410</u>	<u>21,599,015</u>	<u>16,656,395</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(6,375,485)	914,548	7,290,033
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	10,000	7,448	(2,552)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>7,448</u>	<u>(2,552)</u>
NET CHANGE IN FUND BALANCES	(6,365,485)	921,996	7,287,481
Fund Balances - Beginning of Year	<u>18,942,678</u>	<u>19,423,934</u>	<u>481,256</u>
FUND BALANCES - END OF YEAR	<u>\$ 12,577,193</u>	<u>\$ 20,345,930</u>	<u>\$ 7,768,737</u>

TOWN OF TIMNATH
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Federal Grants	\$ 5,000	\$ 5,698	\$ 698
Other Grants	5,000	2,500	(2,500)
Total Revenues	10,000	8,198	(1,802)
EXPENDITURES			
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,000	8,198	(1,802)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(10,000)	(7,448)	2,552
Total Other Financing Sources (Uses)	(10,000)	(7,448)	2,552
NET CHANGE IN FUND BALANCE	-	750	750
Fund Balance - Beginning of Year	-	1,655	1,655
FUND BALANCE - END OF YEAR	\$ -	\$ 2,405	\$ 2,405

TOWN OF TIMNATH
TIMNATH DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
TIF - Property Tax	\$ 6,056,859	\$ 6,106,346	\$ 49,487
TIF - Sales Tax	5,690,000	5,794,283	104,283
Net Investment Income	50,000	132,916	82,916
Total Revenues	<u>11,796,859</u>	<u>12,033,545</u>	<u>236,686</u>
EXPENDITURES			
Miscellaneous	180,000	176,108	3,892
Debt Service:			
Loan Interest	2,996,375	2,991,029	5,346
Loan Principal	3,325,000	3,325,000	-
Capital Outlay:			
Road, Utilities, Other (Transfer to Town)	16,375,000	6,400,176	9,974,824
Boxelder - BBRSA IGA	371,000	286,974	84,026
Developer Shareback Incentive	1,907,000	2,191,859	(284,859)
Intergovernmental - Transfer to Town	3,017,484	2,956,744	60,740
Total Expenditures	<u>28,171,859</u>	<u>18,327,890</u>	<u>9,843,969</u>
NET CHANGE IN FUND BALANCE	(16,375,000)	(6,294,345)	10,080,655
Fund Balance - Beginning of Year	<u>21,625,000</u>	<u>21,780,764</u>	<u>155,764</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,250,000</u>	<u>\$ 15,486,419</u>	<u>\$ 10,236,419</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, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Accounting	8,000	5,105	2,895
Legal Services	10,000	1,994	8,006
Miscellaneous	500	-	500
Organizational Costs	25,000	29,676	(4,676)
Contingency	6,500	-	6,500
Total Expenditures	<u>50,000</u>	<u>36,775</u>	<u>13,225</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(36,775)	13,225
OTHER FINANCING SOURCES (USES)			
Town Advances	<u>50,000</u>	<u>31,118</u>	<u>(18,882)</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>31,118</u>	<u>(18,882)</u>
NET CHANGE IN FUND BALANCE	-	(5,657)	(5,657)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (5,657)</u>	<u>\$ (5,657)</u>

**TOWN OF TIMNATH
TIMNATH FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Gifts, Grants and Contributions	\$ 75,000	\$ 23,754	\$ (51,246)
Net Investment Income	20	-	(20)
Total Revenues	<u>75,020</u>	<u>23,754</u>	<u>(51,266)</u>
EXPENDITURES			
Fundraising Expenses	15,000	-	15,000
Professional Fees	20,000	18,146	1,854
Miscellaneous	20	217	(197)
Intergovernmental - Transfer to Town	40,000	-	40,000
Total Expenditures	<u>75,020</u>	<u>18,363</u>	<u>56,657</u>
NET CHANGE IN FUND BALANCE	-	5,391	5,391
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 5,391</u></u>	<u><u>\$ 5,391</u></u>

TOWN OF TIMNATH
REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)
YEAR ENDED DECEMBER 31, 2019

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.1774954816%	0.1691158986%	0.1435433988%	0.1024182994%	0.0967741114%
Town's proportionate share of the net pension liability	\$ 2,231,496	\$ 1,882,987	\$ 1,938,325	\$ 1,128,221	\$ 867,395
Town's covered payroll	\$ 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 payroll	209.2 %	216.4 %	333.2 %	212.8 %	209.3 %
Plan fiduciary net position as a percentage of the total pension liability	76.0%	79.4%	73.6%	76.9 %	80.7 %

Schedule of Town Contributions

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

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

Measurement Date (December 31)	2018	2017	2016
Town's proportion of the net OPEB liability	0.0137544646%	0.0131410766%	0.0110188996%
Town's proportionate share of the net OPEB liability	\$ 187,108	\$ 170,781	\$ 142,864
Town's covered payroll	\$ 1,163,139	\$ 1,066,854	\$ 870,052
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.1 %	16.0 %	16.4 %
Plan fiduciary net position as a percentage of the total OPEB liability	17.0%	17.5%	16.7%

Schedule of OPEB Contributions and Related Ratios

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

Note: Information for years prior to 2014 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
YEAR ENDED DECMEBER 31, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Timnath Landing Parkway	271,260	271,260	-
Harmony Road Prior Costs	729,550	729,550	-
Harmony Road Future Costs	113,960	113,960	-
Boxelder Floodplain	75,020	75,020	-
Total Expenditures	<u>1,189,790</u>	<u>1,189,790</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,189,790)	(1,189,790)	-
OTHER FINANCING SOURCES (USES)			
Developer Advances	<u>1,189,790</u>	<u>1,189,790</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,189,790</u>	<u>1,189,790</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF TIMNATH
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019

Year Ending December 31,	\$50,000,000 Loan Compass Bank Refunding and Improvement Loan Dated September 29, 2015 Interest Rate - 4.44% Interest Payable June 1 and December 1 Principal Due December 1		\$9,120,000 Certificates of Participation Compass Bank Dated July 17, 2018 Interest Rate - 4.89% Interest Payable June 1 and December 1 Principal Due December 1	
	Principal	Interest	Principal	Interest
2020	\$ 3,260,000	\$ 1,815,531	\$ 603,300	\$ 417,855
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>\$ 40,220,000</u>	<u>\$ 10,630,832</u>	<u>\$ 8,545,100</u>	<u>\$ 2,707,750</u>

Year Ending December 31,	\$20,000,000 Loan Compass Bank 2018 Improvement Loan Dated November 20, 2018 Interest Rate - 4.99% Interest Payable June 1 and December 1 Principal Due December 1		\$692,845 Promissory Note - Hartford Dated January 18, 2018 Interest Rate - 5% Principal & Interest Due January 18	
	Principal	Interest	Principal	Interest
2020	\$ 500,000	\$ 1,001,743	\$ 230,948	\$ 23,095
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>\$ 19,800,000</u>	<u>\$ 6,546,122</u>	<u>\$ 461,897</u>	<u>\$ 34,642</u>

TOWN OF TIMNATH
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2019

Year Ending December 31,	\$982,592 Promissory Note - Hartford Dated December 19, 2018 Interest Rate - 5.0%		\$45,334 2017 Ford Police Interceptor Utility Vehicle (1 unit) Dated May 1, 2017 Interest Rate - 5.95%	
	Principal & Interest Due December 19			
	Principal	Interest	Principal	Interest
2020	\$ 245,648	\$ 36,847	\$ 10,697	\$ 636
2021	245,648	24,565	-	-
2022	245,648	12,282	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
Total	<u>\$ 736,944</u>	<u>\$ 73,694</u>	<u>\$ 10,697</u>	<u>\$ 636</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	
2020	\$ 12,942	\$ 1,584	\$ 25,825	\$ 3,876	\$ 8,190,527
2021	13,711	815	27,058	2,643	8,483,652
2022	-	-	28,349	1,352	8,772,953
2023	-	-	-	-	9,011,663
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	\$ 26,653	\$ 2,399	\$ 81,232	\$ 7,871	\$ 89,886,469

TOWN OF TIMNATH
SCHEDULE OF DETAILED CAPITAL ASSETS
Year Ended December 31, 2019

Asset	Year of Completion - Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2019
Capital Assets, Not Being Depreciated:				
<u>Land</u>				
Various	Various/2011 & Prior	\$ 1,651,146	\$ -	\$ 1,651,146
Riverbend	2012	828,000	-	828,000
Costco	2014	3,916,240	-	3,916,240
Artisan Market	2017	1,956,350	-	1,956,350
Fewell	2018	1,265,434	-	1,265,434
North KM Farm	2018	1,223,558	-	1,223,558
South KM Farm	2018	924,424	-	924,424
Total Land		11,765,152	-	11,765,152
<u>Construction in Progress</u>				
4th Street Pedestrian Improvements	2017	2,165	-	2,165
Parkway Improvements	2018	19,374	-	19,374
Bethke School Zone	2018	2,954	-	2,954
Harmony Road Widening PH IV	2019 & prior	5,863,054	-	5,863,054
Railroad Crossing - Three Bell	2019 & prior	35,896	-	35,896
Water Rights & Non Potable	2019 & prior	90,532	-	90,532
Main Street Buss Grove to Prospect	2019	6,689	-	6,689
Prospect - Main Street to Frontage Road	2019	10,089	-	10,089
Public Safety Facility	2019	86,276	-	86,276
Public Works/Town Admn Building	2019	33,451	-	33,451
General Trail Improvements	2019	48,694	-	48,694
Timnath South Regional Park - Construction	2019	849,190	-	849,190
Timnath Reservoir Trail and Park	2019	57,952	-	57,952
TROC Trail	2019	26,765	-	26,765
Total Construction in Progress		7,133,081	-	7,133,081
Total Capital Assets, Not Being Depreciated		18,898,233	-	18,898,233
Capital Assets, Being Depreciated:				
<u>Buildings and Improvements</u>				
Old Town Building	1969	164,640	(109,754)	54,886
Public Works Building (Addition)	2008	1,431,606	(186,343)	1,245,263
4201 Main Street (Building)	2017	497,030	(55,917)	441,113
House - 4th Street	2018	309,744	(23,231)	286,513
Town Center Building (New)	2019	7,681,054	(59,742)	7,621,312
Main Street Property (Building)	2019	395,590	(8,241)	387,349
Total Buildings and Improvements		10,479,664	(443,228)	10,036,436
<u>Infrastructure (Roads, etc.)</u>				
Roads	Various/2011 & Prior	20,547,765	(9,255,555)	11,292,210
Harmony Road	2013	2,138,371	(534,594)	1,603,777
Harmony Bridge	2013	66,166	(18,528)	47,638
Traffic Signal - 3 Bells/Harmony	2013	57,721	(14,431)	43,290
Harmony Road Phase II	2013	2,270,050	(635,614)	1,634,436
Harmony Road Phase IIA	2014	247,578	(40,473)	207,105
Retailer Onsite Improvements	2014	5,242,393	(1,048,480)	4,193,913
Retailer Offsite Improvements	2014	1,794,474	(358,895)	1,435,579
Retailer Soft Costs	2014	631,891	(126,379)	505,512
Landscaping	2014	10,000	(3,334)	6,666
Riverbend Road	2015	2,216,385	(398,948)	1,817,437
Offsite Sewer (Old Town)	2015	3,534,888	(636,282)	2,898,606
Main Street Traffic Circle - Landscaping	2016	28,488	(6,647)	21,841
Road Overlay/Replace Asphalt - Various Roads	2016	266,286	(62,132)	204,154
Riverbend Road - Landscaping	2017	138,851	(23,142)	115,709
Harmony Road - Phase III	2017	7,780,935	(674,348)	7,106,587
Signage and Monumentation	2017	65,180	(9,414)	55,766
Summerfield Parkway Ditch Crossing	2018	1,254,806	(94,110)	1,160,696
Timnath Trail Drive Improvement	2018	171,526	(6,860)	164,666
Main Street Railroad Crossing	2018	31,340	(4,178)	27,162
Old Town Improvements	2019	4,390,873	(14,636)	4,376,237
Harmony Road & Latham at CR1	2019	313,099	(6,262)	306,837
Fewell Infrastructure	2019	447,529	(14,918)	432,611
Old Town Parking Lot	2019	148,466	(7,423)	141,043
Total Infrastructure (Roads, Etc.)		53,795,061	(13,995,583)	39,799,478

TOWN OF TIMNATH
SCHEDULE OF DETAILED CAPITAL ASSETS (CONTINUED)
Year Ended December 31, 2019

Asset	Year of Completion - Construction/ Acquisition	Assets Costs	Accumulated Depreciation	Balance at December 31, 2019
<u>Parks and Recreation:</u>				
Poudre Trail/Park	2013	390,805	(109,424)	281,381
Reservoir/Fencing	2013	43,773	(18,238)	25,535
Wildwing Park Landscaping	2013	113,535	(47,937)	65,598
Poudre River Trail - Regional - Design, Corridor, etc.	2015	321,883	(72,423)	249,460
Harmony Bridge Sculpture	2017	148,587	(20,637)	127,950
Poudre River Trailhead Park	2017	435,926	(37,780)	398,146
Portable Stage	2017	138,595	(12,474)	126,121
General Trail Improvements	2017	208,946	(18,805)	190,141
Wildwing Park (Additional Phase)	2017	309,868	(26,856)	283,012
Timnath South Reg. Park - Phase I	2018	4,135,396	(165,416)	3,969,980
Timnath Reservoir Trail & Park - Phase I	2018	1,552,545	(77,626)	1,474,919
Total Parks and Recreation		7,799,859	(607,616)	7,192,243
<u>Art</u>				
Sculptures	2008	100,121	(45,056)	55,065
Total Art		100,121	(45,056)	55,065
<u>Machinery and Equipment</u>				
Speeding Signs, Trailers, Mowers, Message boards, Etc.	Various Years	646,162	(280,739)	365,423
Total Machinery and Equipment		646,162	(280,739)	365,423
<u>Computers and Software</u>				
Accounting Software, GIS Software, Website Upgrade, Etc.	Various Years	149,916	(127,139)	22,777
Total Computers and Software		149,916	(127,139)	22,777
<u>Vehicles</u>				
Tractor	2007	25,000	(20,835)	4,165
PW Pick-up Trucks (2)	2007	20,000	(20,000)	-
PS Vehicles (2)	2008	24,840	(24,840)	-
PW Truck	2010	44,562	(44,562)	-
PW International Truck (w/plow)	2011	40,000	(32,000)	8,000
PW Tractor (lease)	2012	62,458	(32,618)	29,840
PS Vehicle	2013	29,900	(29,900)	-
PW Dump Truck	2015	85,000	(75,083)	9,917
PS Vehicle	2015	28,247	(24,950)	3,297
PW Prognator/Tractor	2015	28,877	(6,738)	22,139
PS Vehicles (3) (lease)	2016	143,474	(105,215)	38,259
PW Truck	2017	68,606	(37,733)	30,873
PS Vehicle (2) (lease)	2017	45,334	(23,423)	21,911
PS Vehicle (lease)	2018	58,105	(13,558)	44,547
PW Truck	2019	47,271	(8,666)	38,605
PW Sweeper	2019	8,500	(1,133)	7,367
PW Dump Truck	2019	309,500	(41,267)	268,233
PS Vehicles (2) (lease)	2019	118,805	(5,940)	112,865
Total Vehicles		1,188,479	(548,461)	640,018
Total Capital Assets Being Depreciated, Net		74,159,262	(16,047,822)	58,111,440
Capital Assets, Net		\$ 93,057,495	\$ (16,047,822)	\$ 77,009,673

**TOWN OF TIMNATH
SCHEDULE OF IMPACT FEES
YEAR ENDED DECEMBER 31, 2019**

<u>Impact Fee</u>	<u>Balance at December 31, 2018</u>	<u>Impact Fees Collected* in 2019</u>	<u>Impact Fees Used in 2019</u>	<u>Balance at December 31, 2019</u>
Parks	\$ 1,119,615	\$ 1,367,968	\$ 849,190	\$ 1,638,393
Police	516,201	259,009	96,739	678,471
Stormwater	487,878	218,009	-	705,887
Public Buildings	709,512	315,282	-	1,024,794
Transportation	1,930,648	865,753	-	2,796,401
Total	<u>\$ 4,763,854</u>	<u>\$ 3,026,021</u>	<u>\$ 945,929</u>	<u>\$ 6,843,946</u>

*Includes interest allocation

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT				City or County: Town of Timnath	
				YEAR ENDING : December 2019	
This Information From The Records Of (example - City of _ or County of Town of Timnath)				Prepared By: Dezire Sanchez Phone: 970-224-3211	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES			III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM		AMOUNT	
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)		6,363,412	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:		522,720	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations		16,306	
2. General fund appropriations	5,327,254	b. Snow and ice removal		13,603	
3. Other local imposts (from page 2)	1,593,273	c. Other		79,530	
4. Miscellaneous local receipts (from page 2)	18,849	d. Total (a. through c.)		109,440	
5. Transfers from toll facilities		4. General administration & miscellaneous		0	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety		0	
a. Bonds - Original Issues		6. Total (1 through 5)		6,995,572	
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest		0	
7. Total (1 through 6)	6,939,376	b. Redemption		0	
B. Private Contributions		c. Total (a. + b.)		0	
C. Receipts from State government (from page 2)	222,863	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest		0	
E. Total receipts (A.7 + B + C + D)	7,162,239	b. Redemption		0	
		c. Total (a. + b.)		0	
		3. Total (1.c + 2.c)		0	
		C. Payments to State for highways		166,667	
		D. Payments to toll facilities		0	
		E. Total disbursements (A.6 + B.3 + C + D)		7,162,239	
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		7,162,239	7,162,239		0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	18,849
1. Sales Taxes	701,098	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	836,766	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	55,409	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,593,273	h. Other	0
c. Total (a. + b.)	1,593,273	i. Total (a. through h.)	18,849
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	205,428	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	17,435	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.)	17,435	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	222,863	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	5,899,752	463,660	6,363,412
(5). Total Construction (1) + (2) + (3) + (4)	5,899,752	463,660	6,363,412
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	5,899,752	463,660	6,363,412
			(Carry forward to page 1)
Notes and Comments:			