



ANNUAL FINANCIAL STATEMENT AUDIT

AND

SUPPLEMENTARY INFORMATION

TIMNATH, COLORADO

YEAR ENDED DECEMBER 31, 2022

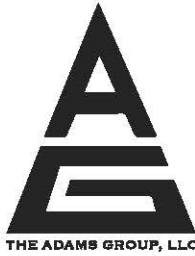
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TOWN OF TIMNATH, COLORADO
ANNUAL FINANCIAL STATEMENT AUDIT
FOR YEAR ENDED DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Timnath
Timnath, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Timnath, Colorado (the Town) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 19 to the financial statements, the Town's financial statements were restated as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This implementation changes how leases are reported by the Town. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Adams Group, LLC

Denver, Colorado
June 9, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Town of Timnath (Town) for the year ended December 31, 2022. Readers are encouraged to read the MD&A in conjunction with the basic financial statements and notes to the financial statements, contained in this report.

Financial Highlights

- The Town's assets totaled \$142.6 million on December 31, 2022 consisting of \$86.6 million in capital assets, \$23.5 million in restricted cash and investments, \$17.8 million in unrestricted cash and investments, \$11.9 million in receivables, and \$2.8 million in other assets. Total assets increased by \$10.6 million (8%) from the previous fiscal year.
- The Town's liabilities totaled \$64.8 million on December 31, 2022 consisting of \$59.0 million in long-term liabilities, \$2.4 million in lease liability, \$3.4 million in accounts payable and other liabilities. Total liabilities decreased by \$4.2 million (6%) from the previous fiscal year.
- The assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$67.1 million at the close of fiscal year 2022.
- The Town's governmental funds reported combined ending fund balances of \$40.8 million at the close of the fiscal year. Of this amount, \$8.6 million is restricted for debt service, capital projects, conservation trust, grants, and emergencies.
- Total net position increased by \$13.6 million or 25%, mainly attributable to the increase in the Town's tax revenues of \$2.2 million (36%) offset by a reduction in expenses mainly in highways and streets of \$3.9 million (37%) and a reduction debt due to a refinancing and completion of the 2018 Land Promissory Note of \$0.3 million (12%).

Overview of the Financial Statements

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

Government-wide Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds are used to account for the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

Balance Sheet and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental fund accounting method to the government-wide statements.

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

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 starting on page 19 of this report.

Statement of Net Position

Net position serves as a useful indicator of a government's financial position. The Town has continued to see assets exceeding liabilities. At the close of fiscal year 2022, assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$67.1 million.

By far the largest portion of the town's net position (55%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt outstanding used to acquire those assets. The town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Restricted net position of 13% 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 41% of the Town's net position is unrestricted and may

MANAGEMENT'S DISCUSSION AND ANALYSIS

be used to meet the Town's future expenditures. As of December 31, 2022, the Town had positive balances in all three categories of net position.

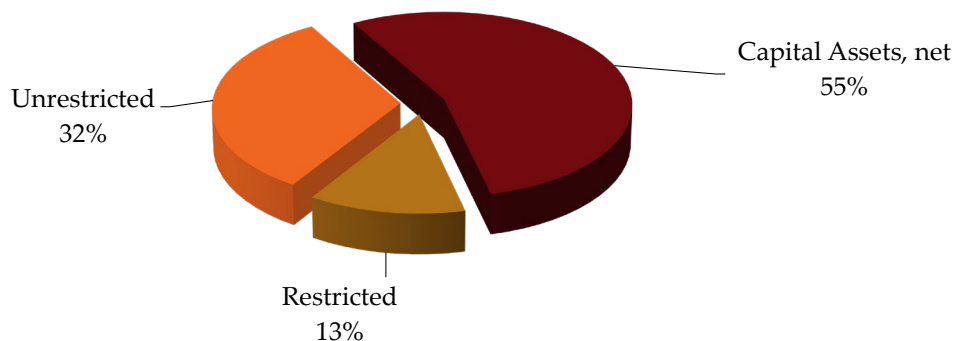
Below is the combined net position of the Town of Timnath on December 31, 2022 and 2021 was as follows.

Statement of Net Position (in thousands)

Statement of Net Position (in thousands)

Governmental Activities				
	2022	2021 as restated	Total \$ of Change	Total % of Change
Current and other assets	\$ 56,078	\$ 54,771	\$ 1,307	2%
Capital assets	86,579	77,259	9,320	12%
Total assets	142,657	132,030	10,627	8%
Deferred outflows of resources	1,249	1,378	(129)	-9%
Long-term liabilities	61,406	65,553	(4,147)	-6%
Other liabilities	3,383	3,421	(37)	-1%
Total liabilities	64,790	68,974	(4,185)	-6%
Deferred inflows of resources	11,971	10,752	1,219	11%
Net position:				
Net Investment in capital assets	36,684	24,219	12,465	51%
Restricted for:				
Emergencies (TABOR)	660	691	(31)	-4%
Parks and open space (Conservation Trust)	360	268	91	34%
Capital projects	7,543	9,419	(1,876)	-20%
Public safety supplies (grants)	-	5	(5)	-100%
Unrestricted	21,899	18,984	2,915	15%
Total net position	\$ 67,145	\$ 53,586	\$ 13,560	25%

Classification of Net Position for Year Ended 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities Changes in Net Position (in thousands)

	Governmental Activities			
	2022	2021 (as restated)	Total \$ of Change	Total % of Change
Revenues				
Program Revenues:				
Charges for services	\$ 6,185	\$ 10,861	\$ (4,676)	-43%
Operating grants and contributions	418	359	59	16%
Capital grants and contributions	557	417	140	34%
General revenues:				
Property tax	392	288	104	36%
Sales tax	15,426	14,512	914	6%
Tax increment financing	8,812	7,669	1,143	15%
Franchise	391	330	60	18%
Miscellaneous	677	655	21	3%
Total revenues	<u>32,857</u>	<u>35,091</u>	<u>(2,235)</u>	<u>85%</u>
Expenses				
Governmental activities:				
General government	3,777	3,333	445	13%
Community development	2,216	2,668	(452)	-17%
Highways and streets	6,618	10,518	(3,900)	-37%
Parks and recreation	1,148	969	178	18%
Public safety	2,937	2,436	501	21%
Interest on long-term debt	2,600	2,962	(361)	-12%
Total expenses	<u>19,297</u>	<u>22,886</u>	<u>(3,589)</u>	<u>-16%</u>
Change in net position	<u>13,560</u>	<u>12,205</u>	<u>1,355</u>	<u>11%</u>
Net position - beginning, as restated	<u>53,586</u>	<u>41,381</u>	<u>12,205</u>	<u>29%</u>
Net position - ending	<u>\$ 67,145</u>	<u>\$ 53,586</u>	<u>\$ 13,560</u>	<u>25%</u>

Governmental activities in the net position increased by \$13.6 million (25%) during the current fiscal year. Several key highlights of the *Statement of Activities* for the fiscal year are as follows:

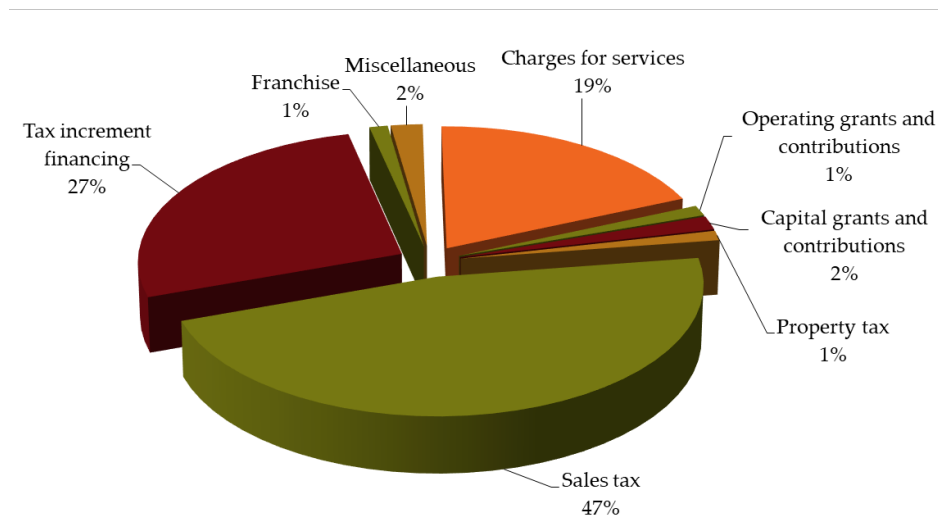
- Charges for services decreased by \$4.7 million (43%) from the prior fiscal year. This decrease is related to a decrease in building permits that slowed in 2022 with 136 single family permits compared to 345 single family permits in 2021.
- Total taxes increased by 10%. This is attributed to increases in sales tax from local and online retailers in addition to minimal increases in residential property growth.

MANAGEMENT'S DISCUSSION AND ANALYSIS

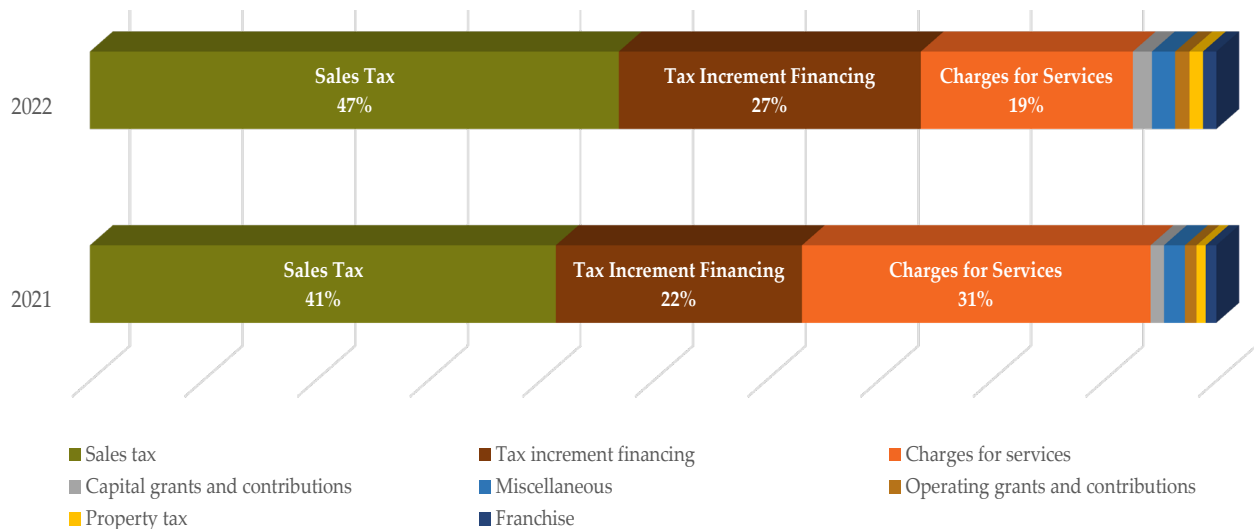
- Expenses decreased by 16% as compared to the prior year related to a net decrease in capital project spending mainly attributable highways and streets where several large projects were completed in the prior year; this is offset by the completion of the public safety building in 2022.

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

Revenues by Source – Governmental Activities



% of Total Revenue Comparison – Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. 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 \$40.8 million. Of this amount, \$16.9 million constitutes unassigned fund balances, which are available for spending at the Town's discretion.

General Fund

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 \$32.2 million out of a total fund balance of \$35.7 million.

The fund balance of the Town's General Fund decreased by \$0.5 million during the current fiscal year due increased personnel and capital outlay costs.

Timnath Development Authority (TDA) Fund

The TDA Fund reported a fund balance of \$5.0 million, which is restricted for future debt service payments and capital improvement expenditures.

Other Governmental Funds

The other governmental funds are considered as nonmajor funds which include the Grants and Timnath Landing General Improvement District (GID) special revenue and capital projects funds. The funds had a combined fund balance of zero as the revenues for the Grants fund were transferred to the General Fund and revenues and expenses are offset from each other in the GID funds. These transfers can be found in the notes to the financial statements starting on page 19.

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.

As of December 31, 2022, there were no supplementals to the originally adopted budget in the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2022, the Town had invested \$86.6 million in capital assets, net of depreciation as reflected in the following table that demonstrates a net increase (additions, deductions and depreciation) of \$9.6 million in the year.

Capital Assets, Net of Accumulated Depreciation

(in thousands)

	Governmental Activities			
	2022	2021 (as restated)	Total \$ of Change	Total % of Change
Land and easements	\$ 7,849	\$ 7,849	\$ -	0%
Buildings and improvements	9,485	9,669	(184)	-2%
Infrastructure	39,295	38,365	930	2%
Parks and recreation	12,146	11,546	601	5%
Vehicles and equipment	1,124	1,310	(185)	-16%
Construction in progress	16,679	8,272	8,407	50%
Capital assets, net	<u>\$ 86,579</u>	<u>\$ 77,010</u>	<u>\$ 9,569</u>	<u>39%</u>

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

Change in Capital Assets

(in thousands)

	Governmental Activities	
	2022	2021 (as restated)
Beginning balance	\$ 77,010	\$ 71,862
Additions	17,951	9,720
Reductions and transfers	(4,852)	(1,215)
Depreciation	(3,530)	(3,356)
Ending balance	<u>\$ 86,579</u>	<u>\$ 77,010</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Leased Assets

As a result of the implementation of GASB Statement No. 87, *Leases* the following table shows the leased assets.

Right to Use Lease Assets, net of Accumulated Amortization

(in thousands)

	Governmental Activities		Total \$	Total %
	2022	2021 (as restated)	of Change	of Change
Land	\$ 1,590	\$ -	\$ 1,590	100%
Vehicles and equipment	927	141	787	85%
Right to use lease assets, net	<u>\$ 2,518</u>	<u>\$ 141</u>	<u>\$ 2,377</u>	<u>185%</u>

Debt Outstanding

As of December 31, 2022, the Town and TDA Funds had \$61.0 million in outstanding long-term debt and lease obligations; a decrease from the prior year by \$2.7 million due to debt repayments. The payments are offset by the addition of the lease payables in accordance with the GASB 87, *Leases* pronouncement added this year. More detailed information about the Town's long-term debt obligations and leases is presented in the Notes to the Basic Financial Statements, beginning on page 19.

Outstanding Long-term Debt Obligations as of December 31, 2022

(in thousands)

	Governmental Activities		Total \$	Total %
	2022	2021	of Change	of Change
TDA development loans	46,975	\$ 51,995	\$ (5,020)	-9.7%
COP town hall	\$ 6,644	7,309	(664)	-9.1%
Developer advances	4,953	4,015	937	23.3%
Lease payables	2,362	141	2,221	100.0%
Land promissory note	-	246	(246)	-100.0%
Total	<u>\$ 60,934</u>	<u>\$ 63,706</u>	<u>\$ (2,771)</u>	<u>4.6%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town Council approved and adopted the 2023 budget on December 13, 2022 appropriating \$44 million in expenditures. The objective of the budget is to be fiscally responsible by ensuring forecasted revenues exceed operational costs, with restricted reserve funds being utilized for capital projects and maintaining an adequate working capital reserve.

The appropriation includes \$25 million in capital outlay related to roads, buildings and parks and recreation. The largest capital projects budgeted for 2023 include road

MANAGEMENT'S DISCUSSION AND ANALYSIS

improvements to Parkway, Main Street and Latham Parkway, a broadband analysis study, and park improvements for Timnath Community Park, Timnath Reservoir Trail and Park, and Wildwing Park. The Town also prioritized reducing the reliance on contracted positions by hiring internal staff and incorporated operating costs of the new public safety building.

The TDA has appropriated a total of \$21 million, including \$7.6 million in debt service payments, and \$13 million intergovernmental transfers to the Town, of which \$3.1 million relates to TDA capital project costs anticipated to be completed during 2023.

The Town has shown resilience in forecasted revenue as commercial and residential development continue to grow. The Town is experiencing some inflationary pressures related to the cost of services, materials and labor that will continue to be monitored.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Activities

Combining Financial Statements

Notes to Basic Financial Statements

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TOWN OF TIMNATH, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 17,826,686
Restricted cash and investments	23,495,726
Receivables:	
Property taxes	9,270,383
Sales tax	1,323,269
Other	1,342,095
Net pension asset	302,012
Right to use lease asset	2,517,563
Capital assets, not being depreciated:	
Land and easements	7,848,912
Construction in process	16,679,430
Capital assets, net of accumulated depreciation:	
Buildings and improvements	9,484,988
Infrastructure	39,295,285
Parks and recreation	12,146,168
Vehicles and equipment	1,124,297
TOTAL ASSETS	142,656,814
DEFERRED OUTFLOWS OF RESOURCES:	
Related to pension	1,073,588
Related to OPEB	175,911
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,249,499
LIABILITIES:	
Accounts payable	1,212,169
Retainage payable	416,501
Deposits payable	312,479
Accrued interest payable	185,901
Unearned revenue	1,256,246
Noncurrent liabilities:	
Lease liability	2,362,155
Long-term obligations, due within one year	6,713,274
Long-term obligations, due in more than one year	47,142,000
Developer advances, due in more than one year	4,952,676
Net OPEB liability	236,127
TOTAL LIABILITIES	64,789,528
DEFERRED INFLOWS OF RESOURCES:	
Deferred revenue - property taxes	9,270,383
Related to pension	2,617,507
Related to OPEB	83,414
TOTAL DEFERRED INFLOWS OF RESOURCES	11,971,304
NET POSITION	
Net Investment in capital assets	36,683,557
Restricted for:	
Emergencies (TABOR)	660,000
Parks and open space (Conservation Trust)	359,826
Capital projects	7,542,604
Unrestricted	21,899,494
TOTAL NET POSITION	\$ 67,145,481

TOWN OF TIMNATH, COLORADO

STATEMENT OF ACTIVITIES

FOR YEAR ENDED DECEMBER 31, 2022

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 3,777,265	\$ 516,890	\$ 58,871	\$ -	\$ (3,201,504)
Community development	2,216,452	1,798,353	-	-	(418,099)
Highways and streets	6,618,033	2,646,031	357,343	-	(3,614,659)
Parks and recreation	1,147,572	1,006,816	-	556,619	415,863
Public safety	2,937,445	216,661	1,737	-	(2,719,047)
Interest on long-term debt	2,600,293	-	-	-	(2,600,293)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 19,297,060	\$ 6,184,751	\$ 417,951	\$ 556,619	(12,137,739)

GENERAL REVENUES

Taxes / Fees:	
Property, levied for general purposes	391,889
Sales and Use	15,426,454
Tax increment financing (TIF)	8,811,557
Franchise	390,695
Other	2,480
Investment earnings	674,397
TOTAL GENERAL REVENUES	25,697,472
CHANGE IN NET POSITION	13,559,733
NET POSITION - beginning	53,685,202
Prior period adjustment	(99,454)
NET POSITION - ending	\$ 67,145,481

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

TOWN OF TIMNATH, COLORADO

BALANCE SHEET

DECEMBER 31, 2022

	General Fund	Timnath Development Authority Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 17,826,686	\$ -	\$ -	\$ 17,826,686
Restricted cash and investments	18,400,776	5,094,950	-	23,495,726
Receivables:				
Property taxes	397,968	8,872,415	-	9,270,383
Sales tax	1,323,269	-	-	1,323,269
Other	1,342,095	-	-	1,342,095
TOTAL ASSETS	39,290,794	13,967,365	-	53,258,159
LIABILITIES:				
Accounts payable	1,212,169	-	-	1,212,169
Retainage payable	376,327	40,174	-	416,501
Deposits payable	312,479	-	-	312,479
Unearned revenue	1,256,246	-	-	1,256,246
TOTAL LIABILITIES	3,157,221	40,174	-	3,197,395
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	397,968	8,872,415	-	9,270,383
TOTAL DEFERRED INFLOWS OF RESOURCES	397,968	8,872,415	-	9,270,383
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,555,189	8,912,589	-	12,467,778
FUND BALANCES:				
Restricted	3,507,654	5,054,776	-	8,562,430
Committed	15,298,499	-	-	15,298,499
Unassigned	16,929,453	-	-	16,929,453
TOTAL FUND BALANCES	35,735,605	5,054,776	-	40,790,381
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 39,290,794	\$ 13,967,365	\$ -	

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds. 86,579,080

Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:

Right to use lease asset	2,517,563	
Net pension asset	302,012	
Deferred outflows of resources - pensions	1,073,588	
Deferred outflows of resources - OPEB	175,911	4,069,074

Liabilities, including lease payable, accrued interest and compensated absences payables, pension, OPEB, and debt payable, are not due and payable in the current period, therefore, are not reported in the funds:

Accrued compensated absences payable	(235,974)	
Accrued interest payable	(185,901)	
Net OPEB liability	(236,127)	
Deferred inflows of resources - pensions	(2,617,507)	
Deferred inflows of resources - OPEB	(83,414)	
Long-term debt obligations	(60,934,131)	(64,293,054)
Net position of governmental activities		\$ 67,145,481

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

TOWN OF TIMNATH, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Timnath Development Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and fees:				
Sales and use tax	\$ 7,209,358	\$ 8,217,096	\$ -	\$ 15,426,454
Property tax	391,889	8,811,557	-	9,203,446
Franchise	390,695	-	-	390,695
Other	2,480	-	-	2,480
Developer reimbursements	1,496,830	-	-	1,496,830
Fines and forfeitures	137,866	-	-	137,866
Impact and payments in lieu fees	2,485,444	-	-	2,485,444
Intergovernmental	1,029,238	-	1,737	1,030,975
Investment earnings	557,688	116,709	-	674,397
Licenses and permits	1,844,978	-	-	1,844,978
Miscellaneous	163,228	-	-	163,228
TOTAL REVENUES	15,709,694	17,145,362	1,737	32,856,793
EXPENDITURES				
Current:				
General government	2,908,579	1,133,410	8,872	4,050,861
Community development	2,215,050	-	-	2,215,050
Highways and streets	2,777,723	-	937,216	3,714,939
Parks and recreation	515,703	-	-	515,703
Public safety	2,777,723	-	-	2,777,723
Debt service:				
Principal	1,311,085	5,020,000	-	6,331,085
Interest	396,643	2,203,559	-	2,600,202
Capital outlay	15,813,608	-	-	15,813,608
TOTAL EXPENDITURES	28,716,114	8,356,969	946,088	38,019,171
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,006,420)	8,788,393	(944,351)	(5,162,378)
OTHER FINANCING SOURCES (USES):				
Issuances from developer advances	-	-	937,216	937,216
Issuances from leases	2,622,463	-	-	2,622,463
Transfers from other funds	9,891,642	-	8,872	9,900,514
Transfers (to) other funds	(8,872)	(9,885,139)	(6,503)	(9,900,514)
TOTAL OTHER FINANCING SOURCES (USES)	12,505,233	(9,885,139)	939,585	3,559,679
NET CHANGE IN FUND BALANCES	(501,187)	(1,096,746)	(4,766)	(1,602,699)
FUND BALANCE - beginning	36,236,792	6,151,522	4,766	42,393,080
FUND BALANCE - ending	\$ 35,735,605	\$ 5,054,776	\$ -	\$ 40,790,381

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

TOWN OF TIMNATH, COLORADO

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances - total governmental funds	\$	(1,602,699)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was greater than depreciation.

Capital outlay	13,191,145	
Loss on disposal of capital asset	(192,755)	
Depreciation expense	(3,429,478)	
Amortization expense	<u>(245,629)</u>	9,323,283

The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the scheduled principal payments on existing debt.

Developer advances	(937,216)	
Long-term debt principal repayments	<u>6,331,085</u>	5,393,869

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 governmental funds.

Net pension liability and related deferrals	468,226	
Net OPEB liability and related deferrals	(1,722)	
Accrued interest payable	(91)	
Accrued compensated absences payable	<u>(21,133)</u>	445,280

Change in net position of governmental activities	\$	<u>13,559,733</u>
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The notes to basic financial statements are an integral part of this statement.

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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

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

The Timnath Landing General Improvement District (GID), a public improvement district and a quasi-municipal corporation, was duly organized pursuant to Part 6, Article 25, Title 31, Colorado Revised Statutes (C.R.S) and Ordinance of the Town of Timnath (the "Town") on August 27, 2019. The GID was created to reimburse the Developer for extraordinary 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.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements include the *Statement of Net Position* and the *Statement of Activities*. These financial statements report all of the activities of the Town and its blended component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by revenues from property taxes, sales taxes, intergovernmental and charges for service.

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

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

Basis of Presentation – Fund Financial Statements

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

The Town reports the following major governmental funds:

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

The Town reports the following non-major governmental funds:

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

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

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

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, 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.

Cash and Investments

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

Property Taxes

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

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

Capital Assets

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

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

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

Leases

The Town determines if an arrangement is a lease at inception. Lease assets are included in capital assets and lease liabilities in the *Statement of Net Position*. Lease assets represent the Town’s control of the right to use an underlying asset for the lease term, as specific in the contract, in an exchange or exchange like transaction.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

Accrued Compensated Absences

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

Long-Term Obligations

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

Unearned Revenue

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

Pension Asset and Other Postemployment Benefits (OPEB) Liability

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

Fund Balance / Net Position

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

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

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

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

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

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

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the highest legal authority to approve authorized commitments of fund balance

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

and to approve who can authorize making assignments of fund balance. If more than one classification of fund balances is available for use when an expenditure is incurred, it is the Town's practice to use the most restrictive classification first.

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, consist of the following:

Statement of Net Position:

Cash and Investments	\$	17,826,686
Restricted cash and investments		23,495,726
Total cash and investments	\$	41,322,412

Cash on hand	\$	550
Deposits		10,007,112
Investments		31,314,750
Total cash and investments	\$	41,322,412

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, 2022, the town's cash deposits had a bank balance of \$10,673,989 and carrying balance of \$10,007,112.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Investments

The Town has adopted a formal investment policy. The Town generally limits its concentration of investments to the local government investment pool as 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.

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

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

As of December 31, 2022, the Town had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 31,314,750</u>

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

NOTE 3. FUND BALANCE CLASSIFICATION

Governmental fund balances were classified as follows as of December 31, 2022:

	General Fund	Timnath Development Authority Fund	Total Governmental Funds
Restricted			
Emergencies (TABOR reserve)	\$ 660,000	\$ -	\$ 660,000
Conservation trust	359,826	-	359,826
Capital projects	2,487,828	-	2,487,828
Urban renewal revitalization	-	3,528,198	3,528,198
Debt service	-	1,526,578	1,526,578
Total	<u>3,507,654</u>	<u>5,054,776</u>	<u>8,562,430</u>
Committed			
Capital projects	12,072,872	-	12,072,872
Working capital reserve	3,225,627	-	3,225,627
Total	<u>15,298,499</u>	<u>-</u>	<u>15,298,499</u>
Unassigned	16,929,453	-	16,929,453
Total fund balance	<u>\$ 35,735,605</u>	<u>\$ 5,054,776</u>	<u>\$ 40,790,381</u>

NOTE 4. INTERFUND TRANSFERS

The town reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements. The following interfund transfers occurred during the year for the purposes of reimbursing the Town for related infrastructure, expenses and administrative costs or as required per IGA as shown below:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>GID</u>	<u>Total</u>
<u>Transfers Out :</u>			
General Fund	\$ -	\$ 8,872	\$ 8,872
Timnath Development Authority (TDA)	8,779,580	-	8,779,580
Timnath Development Authority (TDA Capital)	1,105,559	-	1,105,559
Grants Fund	6,503	-	6,503
Total	<u>\$ 9,891,642</u>	<u>\$ 8,872</u>	<u>\$ 9,900,514</u>

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

NOTE 5. CAPITAL ASSETS

The following is an analysis of the change in the Town's capital assets for the year ended December 31, 2022:

	December 31, 2021 as restated	Additions and Transfers	Reductions and Transfers	Balance as of December 31, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,848,912	-	-	\$ 7,848,912
Construction in progress	8,272,017	13,002,268	(4,594,855)	16,679,430
Total capital assets not being depreciated	16,120,929	13,002,268	(4,594,855)	24,528,342
Capital assets being depreciated:				
Buildings and improvements	10,479,664	-	-	10,479,664
Infrastructure	55,765,067	3,643,931	(266,286)	59,142,712
Parks and recreation	13,057,497	1,146,833	-	14,204,330
Vehicles and equipment	2,718,159	158,050	(266,159)	2,610,050
Total capital assets being depreciated	82,020,387	4,948,814	(532,445)	86,436,756
Less accumulated depreciated for:				
Buildings and improvements	(810,860)	(183,816)	-	(994,676)
Infrastructure	(17,399,799)	(2,444,487)	(3,141)	(19,847,427)
Parks and recreation	(1,511,918)	(546,244)	-	(2,058,162)
Vehicles and equipment	(1,408,570)	(254,931)	177,748	(1,485,753)
Total accumulated depreciation	(21,131,147)	(3,429,478)	174,607	(24,386,018)
Total capital assets being depreciated, net	60,889,240	1,519,336	(357,838)	62,050,738
Lease assets being amortized:				
Land	-	1,673,929	-	1,673,929
Vehicles and equipment	140,730	948,533	-	1,089,263
Total lease assets, being amortized	140,730	2,622,462	-	2,763,192
Accumulated amortization for:				
Land	-	(83,696)	-	(83,696)
Vehicles and equipment	-	(161,933)	-	(161,933)
Total accumulated amortization	-	(245,629)	-	(245,629)
Total lease assets being amortized, net	140,730	2,376,833	-	2,517,563
Total capital assets, net	\$ 77,150,899	\$ 16,898,437	\$ (4,952,693)	\$ 89,096,643

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Depreciation and amortization expense was charged to functions/programs for governmental activities as follows:

	Governmental Activities
General government	\$ 186,659
Parks & recreation	631,869
Public safety	159,215
Public works	2,697,364
Depreciation and amortization expense	<u>\$ 3,675,107</u>

NOTE 7. LONG-TERM DEBT - LEASES

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

	Balance as of December 31, 2021	Additions	Reductions	Balance as of December 31, 2022	Due within one year
Police Vehicle leases	140,730	906,658	(327,169)	720,219	267,447
Copier equipment lease	-	41,875	(17,482)	24,393	18,176
Reservoir lease	-	1,673,929	(56,386)	1,617,543	58,625
Total Lease Payable	<u>\$ 140,730</u>	<u>\$ 2,622,462</u>	<u>\$ (401,037)</u>	<u>\$ 2,362,155</u>	<u>\$ 344,248</u>

Operating Lease

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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.

On August 24, 2020 the Town entered into a capital lease agreement with GM Financial to acquire one (1) police vehicle. The lease bears an annual interest rate of 4.77%, and requires an annual payment of \$11,669 starting August 24, 2020 and last payment on August 24, 2023.

On October 21, 2020 the Town entered into a capital lease agreement with GM Financial to acquire three (3) police vehicles. The lease bears an annual interest rate of 4.16%, and requires an annual payment of \$48,152 starting October 21, 2020 and last payment on October 21, 2023.

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

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

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

Copier Equipment

On May 10, 2019, the Town entered into a lease agreement with All Copy Products for copiers and printers for Town office buildings. The annual lease payment is \$18,804 and due in monthly installments. The cost of the lease includes the use of equipment and accessories, maintenance and consumable parts and supplies. The lease term is for 60 months and the Town has the option to purchase the equipment or renew the lease at the end of the lease term.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

NOTE 8. LONG-TERM DEBT

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2022:

	Balance as of December 31, 2021	Additions	Reductions	Balance as of December 31, 2022	Due within one year
Governmental activities - Direct borrowings:					
2018 Town Hall Certificates of Participation, refinanced interest rate of 3.90%, original amount \$9,120,000, due 2030	\$ 7,308,700	\$ -	\$ (664,400)	\$ 6,644,300	\$ 697,300
2018 Land Promissory Note, interest rate of 5.0%, original amount of \$982,592, due 2022	245,648	-	(245,648)	-	-
Component Units:					
<i>Timnath Development Authority:</i>					
2015 Development Loan Payable, 2022 refinanced interest rate of 3.90%, original amount of \$50,000,000, due 2029	33,545,000	-	(3,570,000)	29,975,000	3,735,000
2018 Development Loan Payable, 2022 refinanced interest rate of 3.90%, original amount of \$20,000,000, due 2029	18,450,000	-	(1,450,000)	17,000,000	2,045,000
<i>Timnath Landing General Improvement District:</i>					
Developer Advances	4,015,460	937,216	-	4,952,676	-
Total Notes Payable	63,564,808	937,216	(5,930,048)	58,571,976	6,477,300
Other Liabilities					
Compensated absences	214,841	21,133	-	235,974	235,974
Total	\$ 63,779,649	\$ 958,349	\$ (5,930,048)	\$ 58,807,950	\$ 6,713,274

Certificates of Participation

On July 17, 2018, the Town issued Certificates of Participation (the Certificates) totaling \$9,120,000 for construction of the new Town Center with an initial interest rate of 4.89% payable semi-annually on June 1 and December 1 commencing December 1, 2018. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. 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.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

In the event of default, the Trustee may do as follows: (i) terminate the lease (ii) sell, lease or sublease the property (iii) recover from the Town any appropriated rental fees during which the Town occupies the property and will be entitled to any escrow funds related to this agreement. On December 31, 2022, the Town had \$1,978 in escrow related to this agreement.

TDA Loans Payable

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

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

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

On September 29, 2015, the TDA refinanced its 2014 Note (the 2015 Loan). The 2015 Loan has a principal amount of \$50,000,000 with a fixed interest rate of 4.44% paid semi-annually on June 1 and December 1. The 2015 Loan matures on December 1, 2029. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. The purposes of the 2015 Loan were as follows: a) refunding of prior loan; b) funding of TDA capital projects; c) funding of Debt Service Reserve; and d) paying costs of issuance.

On November 20, 2018 the TDA issued a \$20,000,000 loan. The 2018 Loan has a fixed interest rate of 4.99% paid semi-annually on June 1 and December 1. The 2018 Loan matures on December 1, 2029. In 2022, the Town refinanced the debt reducing the interest rate to 3.90%. The purposes of the 2018 Loan were as follows: (a) funding of TDA capital projects; and (b) paying costs of issuance.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Together with the issuance of the 2018 Loan, the original 2015 Loan Agreement was combined into a new Loan Agreement (Loan Agreement) that includes both the 2015 Loan and the 2018 Loan. Per the refinancing loan agreement, the loans are not subject to prepayment prior to maturity at the option of the Town.

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

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

In the event of default, the lender may accelerate and declare all amounts immediately due and will be entitled to all pledged revenue accounts held at the time of default. Pledged revenue as described in the loan document includes the revenue fund, loan payment fund, 2018 Project fund, and reserve fund. On December 31, 2022, pledged revenue account balances totaled \$5,094,949.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Developer Advances – Timnath Landings General Improvement District

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

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

Timnath Development Authority

	\$50,000,000		\$20,000,000			
	PNC Bank - 2015 Loan		PNC Bank - 2018 Loan			
	Interest Rate - 3.9%		Interest Rate - 3.9%			
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal Balance</u>
2023	\$ 3,735,000	\$ 1,185,261	\$ 2,045,000	\$ 933,442	\$ 7,898,703	\$ 41,195,000
2024	3,900,000	1,040,416	2,165,000	760,765	7,866,181	35,130,000
2025	4,080,000	883,361	2,285,000	645,312	7,893,673	28,765,000
2026	4,265,000	722,031	2,405,000	531,480	7,923,511	22,095,000
2027	4,460,000	553,386	2,540,000	409,804	7,963,190	15,095,000
2028	4,660,000	378,063	2,710,000	282,068	8,030,131	7,725,000
2029	4,875,000	192,766	2,850,000	144,980	8,062,746	-
Total	<u>\$ 29,975,000</u>	<u>\$ 4,955,284</u>	<u>\$ 17,000,000</u>	<u>\$ 3,707,851</u>	<u>\$ 55,638,135</u>	

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Town of Timnath

\$9,120,000

PNC Bank - 2018 Certificate of Participation

Interest Rate - 3.9%

December 31,	Principal	Interest	Total	Principal Balance
2023	\$ 697,300	\$ 259,128	\$ 956,428	\$ 5,947,000
2024	731,700	231,933	963,633	5,215,300
2025	767,900	203,397	971,297	4,447,400
2026	805,800	173,449	979,249	3,641,600
2027	845,600	142,022	987,622	2,796,000
2028	887,400	109,044	996,444	1,908,600
2029	931,200	74,435	1,005,635	977,400
2030	977,400	38,119	1,015,519	-
Total	<u>\$ 6,644,300</u>	<u>\$ 1,231,527</u>	<u>\$ 7,875,827</u>	

Leases as of December 31,	Vehicles and Equipment		Reservoir		Total
	Principal	Interest	Principal	Interest	
2023	\$ 285,623	\$ 36,809	\$ 58,625	\$ 61,864	\$ 442,921
2024	226,987	23,088	60,952	59,537	370,564
2025	232,002	11,804	63,372	57,116	364,294
2026	-	-	65,889	54,600	120,489
2027	-	-	68,505	51,984	120,489
2028-2033	-	-	472,082	250,852	722,934
2034-2038	-	-	487,012	115,433	602,445
2039-2041	-	-	341,106	20,359	361,465
Total	<u>\$ 744,612</u>	<u>\$ 71,701</u>	<u>\$ 1,617,543</u>	<u>\$ 671,745</u>	<u>\$ 3,105,601</u>

NOTE 9. NET POSITION

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

of other governments, or as imposed through constitutional provisions or enabling legislation.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital asset component and the restricted component of net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and 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, 2022, the Town had net investment in capital assets calculated as follows:

	Amounts
Capital Assets, net of accumulated depreciation	\$ 89,096,643
Long-term debt related to acquisition of capital assets	(55,981,455)
Unspent proceeds of long-term debt related to the acquisition of capital assets	3,568,369
Net Investment in Capital Assets	\$ 36,683,557

NOTE. 10 COMMITMENT

As of December 31, 2022, the Town had unexpended commitments from major construction contracts for the Public Safety Building and Timnath Reservoir Shoreline Improvements and Timnath Community Park totaling \$1,798,535. Of this amount, \$376,327 was recorded as retainage payable.

NOTE 11. EMPLOYEE RETIREMENT PENSION PLANS

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

Plan description

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

Benefits provided

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions

Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1 through December 31, 2022 are summarized below:

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

	January 1, 2022 Through <u>June 30, 2022</u>	July 1, 2022 Through <u>December 31, 2022</u>
Employee contribution	8.50%	9.00%

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

	January 1, 2022 Through <u>June 30, 2022</u>	July 1, 2022 Through <u>December 31, 2022</u>
Employer contribution rate	10.50%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.03%	0.03%
Total employer contribution rate to the LGDTF	13.21%	13.71%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$441,009 for the year ended December 31, 2022.

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

At December 31, 2022 the Town reported an asset of \$302,012 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Town's proportion of the net pension liability was based on the Town's

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the Town's proportion was .3523 percent, which was an increase of .0787 percent increase from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022 the Town recognized pension expense of \$386,162. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 14,759	\$ 5,044
Changes of Assumptions or other Inputs	102,376	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	2,612,463
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	515,444	-
Contributions Subsequent to the Measurement Date	441,009	-
Total	<u>\$ 1,073,588</u>	<u>\$ 2,617,507</u>

\$441,009 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2023	\$ (125,253)
2024	(912,331)
2025	(630,330)
2026	(317,014)
2027	-
Thereafter	-

Actuarial assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20%–11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/61	Financed by the AIR

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date. *Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability (Asset)	2,070,771	(302,012)	(2,286,741)

Pension plan fiduciary net position. Detailed information about the LGDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan description

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

Benefits provided

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

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

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

PERA Benefit Structure

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$33,420 for the year ended December 31, 2022.

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

On December 31, 2022 the Town reported a liability of \$236,127 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

On December 31, 2021, the Town's proportion was 0.0274 percent, which was an increase of .0064 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$7,406. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 360	\$ 55,989
Changes of Assumptions or other Inputs	4,889	12,809
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	14,616
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	137,242	-
Contributions Subsequent to the Measurement Date	33,420	-
Total	<u>\$ 175,911</u>	<u>\$ 83,414</u>

\$33,420 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	13,515
2024	7,450
2025	7,124
2026	16,865
2027	12,049
Thereafter	2,074

Actuarial assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20%–11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
PERA benefit structure:	
Service-based premium subsidy	0.00%

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

PERACare Medicare plans	4.50% in 2021 6.00% in 2022 Gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, Gradually increasing to 4.50% in 2029

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured	\$633	\$230	\$591
Kaiser Permanente Medicare	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

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

- 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 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 229,346	\$ 236,127	\$ 243,982

Discount rate. The discount rate used to measure the TOL 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, 2021, measurement date. Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination 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 OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 274,237	\$ 236,127	\$ 203,575

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

NOTE 13. DEFERRED COMPENSATION PLAN – ASSETS IN TRUST

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

NOTE 14. MAJOR TAXPAYERS

For the year ending December 31, 2022, approximately 79% of the Town's sales tax revenue was received from five taxpayers, and of those five taxpayers, two taxpayers constituted approximately 73% of the total sales tax revenue.

NOTE 15. AGREEMENTS

Timnath Development Authority

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

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

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

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

The TDA has 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.

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

Poudre Valley Fire Protection District

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

Boxelder Basin Regional Stormwater Authority

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

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

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

In 2009, the Town and the City of Fort Collins entered into an intergovernmental agreement, of which one of the items addressed is the Boxelder Split Flow floodplain

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

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

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

Boxelder Basin “B” Dams

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

As of 2022, the final report is pending approval from the State Engineer's Office for the required updates. The communities involved are also working on an IGA regarding the funding of the improvements and long term maintenance requirements.

Lower Poudre Augmentation Plan

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

City of Fort Collins – I-25 Interchange

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

Timnath Landing General Improvement District

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

NOTE 16. CONTINGENCIES

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

NOTE 17. RISK MANAGEMENT

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

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

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

NOTE 18. TAX, SPENDING AND DEBT LIMITATIONS

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

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

NOTES TO BASIC FINANCIAL STATEMENTS, *Continued*

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2022, the Town reserved \$660,000 of the General Fund's fund balance in accordance with this requirement. Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

NOTE 19. PRIOR YEAR RESTATEMENT

For the year ended December 31, 2022, a prior period restatement was necessary as a result of the implementation of *GASB Statement No. 87, Leases*. The implementation of the standard required the Town to re-measure leased assets as of January 1, 2022. The result of this restatement is a reduction in net position as of December 31, 2021 of \$99,454. Prior year comparative schedules are in the Management Discussion and Analysis and beginning net position on the Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Timnath Development Authority Fund

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

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

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TOWN OF TIMNATH, COLORADO

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCES**

BUDGET AND ACTUAL FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes:				
Sales and use	\$ 6,260,836	\$ 6,260,836	\$ 7,209,358	\$ 948,522
Property	393,015	393,015	391,889	(1,126)
Franchise	289,840	289,840	390,695	100,855
Other	1,000	1,000	2,480	1,480
Developer reimbursements	914,130	914,130	1,496,830	582,700
Fines and forfeitures	125,505	125,505	137,866	12,361
Impact and payments in lieu fees	3,309,796	3,309,796	2,485,444	(824,352)
Intergovernmental	818,293	818,293	1,029,238	210,945
Investment earnings	25,000	25,000	557,688	532,688
License and permits	2,334,862	2,334,862	1,844,978	(489,884)
Miscellaneous	110,000	110,000	163,228	53,228
TOTAL REVENUES	14,582,277	14,582,277	15,709,694	1,127,417
EXPENDITURES:				
Departments				
Administrative	3,674,651	3,674,651	3,187,529	487,122
Community Development	2,953,556	2,953,556	2,215,050	738,506
Public Safety	3,917,636	3,917,636	2,777,723	1,139,913
Public Works	3,203,904	3,203,904	2,480,253	723,651
Parks and Recreation	4,006,785	4,006,785	515,703	3,491,082
Municipal Court	45,200	45,200	18,520	26,680
Capital Outlay	24,301,346	24,301,346	15,813,608	8,487,738
Debt Service				
Principal	870,801	870,801	1,311,085	(440,284)
Interest	408,925	408,925	396,643	12,282
TOTAL EXPENDITURES	43,382,804	43,382,804	28,716,114	14,666,690
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(28,800,527)	(28,800,527)	(13,006,420)	15,794,107
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	12,265,742	12,265,742	9,891,642	(2,374,100)
Transfers to other funds	(50,000)	(50,000)	(8,872)	41,128
Lease Agreements	-	-	2,622,463	2,622,463
TOTAL OTHER FINANCING SOURCES (USES)	12,215,742	12,215,742	12,505,233	289,491
NET CHANGE IN FUND BALANCE	(16,584,785)	(16,584,785)	(501,187)	16,083,598
FUND BALANCES - beginning	34,984,110	34,984,110	36,236,792	1,252,682
FUND BALANCES - ending	\$ 18,399,325	\$ 18,399,325	\$ 35,735,605	\$ 17,336,280

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TOWN OF TIMNATH, COLORADO

TIMNATH DEVELOPMENT AUTHORITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCES**

BUDGET AND ACTUAL FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 8,752,985	\$ 8,752,985	\$ 8,811,557	\$ 58,572
Sales	8,400,000	8,400,000	8,217,096	(182,904)
Investment earnings	5,000	5,000	116,709	111,709
TOTAL REVENUES	17,157,985	17,157,985	17,145,362	(12,623)
EXPENDITURES:				
Materials and services	4,450,083	4,450,083	1,133,410	3,316,673
Capital Outlay		-	-	-
Debt Service				
Principal	5,020,000	5,020,000	5,020,000	-
Interest	2,443,526	2,443,526	2,203,559	239,967
TOTAL EXPENDITURES	11,913,609	11,913,609	8,356,969	3,556,640
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,244,376	5,244,376	8,788,393	3,544,017
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(8,444,459)	(8,444,459)	(9,885,139)	(1,440,680)
TOTAL OTHER FINANCING SOURCES (USES)	(8,444,459)	(8,444,459)	(9,885,139)	(1,440,680)
NET CHANGE IN FUND BALANCE	(3,200,083)	(3,200,083)	(1,096,746)	2,103,337
FUND BALANCES - beginning	4,730,083	4,730,083	6,151,522	1,421,439
FUND BALANCES - ending	\$ 1,530,000	\$ 1,530,000	\$ 5,054,776	\$ 3,524,776

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TOWN OF TIMNATH, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION (PENSIONS)

YEAR ENDED DECEMBER 31, 2022

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

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability	0.352253941%	0.273662120%	0.188406783%	0.1774954816%	0.1691158986%	0.1435433988%	0.1024182994%	0.0967741114%
Town's proportionate share of the net pension liability (asset)	\$ (302,012)	\$ 1,426,127	\$ 1,377,990	\$ 2,231,496	\$ 1,882,987	\$ 1,938,325	\$ 1,128,221	\$ 867,395
Town's covered-employee payroll	\$ 2,719,422	\$ 1,256,997	\$ 1,189,966	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278	\$ 414,377
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	(11.1)%	113.5 %	115.8 %	209.2 %	216.4 %	333.2 %	212.8 %	209.3 %
Plan fiduciary net position as a percentage of the total pension liability	101.49 %	90.88 %	86.26 %	75.96 %	79.37 %	73.60 %	76.90 %	80.70 %

Schedule of Town Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 441,009	\$ 358,945	\$ 162,455	\$ 150,888	\$ 135,277	\$ 110,323	\$ 73,754	\$ 67,239	\$ 52,543
Town's contributions in relation to the contractually required contribution	441,009	358,945	162,455	150,888	135,277	110,323	73,754	67,239	52,543
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 3,271,632	\$ 2,719,283	\$ 1,256,997	\$ 1,189,966	\$ 1,066,854	\$ 870,052	\$ 581,655	\$ 530,278	\$ 414,377
Town's contributions as a percentage of covered employee payroll	13.5%	13.2%	12.9%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%

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

TOWN OF TIMNATH, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION (OPEB)

YEAR ENDED DECEMBER 31, 2022

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

Fiscal Year	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Town's proportion of the net OPEB liability	0.0273832636%	0.0208565790%	0.0144297158%	0.0137544646%	0.0131410766%	0.0110188996%
Town's proportionate share of the net OPEB liability	\$ 236,127	\$ 198,184	\$ 162,190	\$ 187,108	\$ 170,781	\$ 142,864
Town's covered-employee payroll	\$ 2,719,422	\$ 1,256,419	\$ 1,189,968	\$ 1,066,853	\$ 870,055	\$ 581,656
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.7 %	15.77 %	13.63 %	17.54 %	19.63 %	24.56 %
Plan fiduciary net position as a percentage of the total OPEB liability	39.40 %	32.78 %	24.49 %	17.03 %	17.53 %	16.72 %

Schedule of OPEB Contributions and Related Ratios

	2022	2021	2020	2019	2018	2017	2016
Town's contractually required contribution	\$ 33,420	\$ 27,737	\$ 12,815	\$ 12,138	\$ 10,882	\$ 8,875	\$ 5,993
Town's contributions in relation to the contractually required contribution	33,420	27,737	12,815	12,138	10,882	8,875	5,993
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,271,632	\$ 2,719,283	\$ 1,256,997	\$ 1,189,966	\$ 1,066,853	\$ 870,055	\$ 581,656
Town's contributions as a percentage of covered employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.03%

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

SUPPLEMENTARY INFORMATION

Non-major Fund Statements

Schedule of Impact Fees

Local Highway Finance Report

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TOWN OF TIMNATH, COLORADO

COMBINING BALANCE SHEET – NON-MAJOR FUNDS

DECEMBER 31, 2022

	Special Revenue		Capital Projects	Total
	Grants	Timnath Landings	Timnath Landings	Non-Major
	Fund	GID*	GID*	Funds
ASSETS				
Restricted cash and investments	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	-	-	-	-
FUND BALANCES:				
Restricted	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -

*General Improvement District

TOWN OF TIMNATH, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – NON-MAJOR FUNDS**

YEAR ENDED DECEMBER 31, 2022

	Special Revenue		Capital Projects	Total
	Grants	Timnath Landings	Timnath Landings	Non-Major
	Fund	GID*	GID*	Funds
REVENUES				
Intergovernmental Grants	\$ 1,737	\$ -	\$ -	\$ 1,737
TOTAL REVENUES	<u>1,737</u>	<u>-</u>	<u>-</u>	<u>1,737</u>
EXPENDITURES				
Materials and services	-	8,872	937,216	946,088
TOTAL EXPENDITURES	<u>-</u>	<u>8,872</u>	<u>937,216</u>	<u>946,088</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,737</u>	<u>(8,872)</u>	<u>(937,216)</u>	<u>(944,351)</u>
OTHER FINANCING SOURCES (USES):				
Issuance from developer advance	-	-	937,216	937,216
Transfers from other funds	-	8,872	-	8,872
Transfers to other funds	(6,503)	-	-	(6,503)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,503)</u>	<u>8,872</u>	<u>937,216</u>	<u>939,585</u>
NET CHANGE IN FUND BALANCES	(4,766)	-	-	(4,766)
FUND BALANCE - beginning	<u>4,766</u>	<u>-</u>	<u>-</u>	<u>4,766</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*General Improvement District

TOWN OF TIMNATH, COLORADO

GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:				
Federal grants	\$ 606,200	\$ 606,200	\$ 1,737	\$ (604,463)
Other grants	10,000	10,000	-	(10,000)
TOTAL REVENUES	<u>616,200</u>	<u>616,200</u>	<u>1,737</u>	<u>(614,463)</u>
EXPENDITURES:				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>616,200</u>	<u>616,200</u>	<u>1,737</u>	<u>(614,463)</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(616,200)</u>	<u>(616,200)</u>	<u>(6,503)</u>	<u>609,697</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(616,200)</u>	<u>(616,200)</u>	<u>(6,503)</u>	<u>609,697</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(4,766)</u>	<u>(4,766)</u>
FUND BALANCES - beginning	<u>-</u>	<u>-</u>	<u>4,766</u>	<u>4,766</u>
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF TIMNATH, COLORADO

GENERAL FUND – TIMNATH LANDING GID

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:				
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:				
Materials and services	<u>50,000</u>	<u>50,000</u>	<u>8,872</u>	<u>41,128</u>
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>8,872</u>	<u>41,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(50,000)</u>	<u>(50,000)</u>	<u>(8,872)</u>	<u>41,128</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	<u>50,000</u>	<u>50,000</u>	<u>8,872</u>	<u>(41,128)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>8,872</u>	<u>(41,128)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF TIMNATH, COLORADO

CAPITAL PROJECTS FUND – TIMNATH LANDING GID

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:				
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:				
Debt Service	<u>-</u>	<u>937,216</u>	<u>937,216</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>937,216</u>	<u>937,216</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(937,216)</u>	<u>(937,216)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Issuance from developer advances	<u>-</u>	<u>937,216</u>	<u>937,216</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>937,216</u>	<u>937,216</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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TOWN OF TIMNATH, COLORADO

SCHEDULE OF IMPACT FEES YEAR ENDED DECEMBER 31, 2022

Impact Fee	Balance at December 31, 2021	Fees Collected <i>(includes interest)</i>	Fees Used for Capital Expenditure	Balance at December 31, 2022
Transportation	\$ 4,740,505	\$ 1,018,983	\$ -	\$ 5,759,488
Parks	3,265,871	1,003,247	(149,304)	4,119,814
Public Buildings	1,402,726	239,733	(1,642,459)	-
Stormwater	1,206,130	189,093	-	1,395,223
Police	-	197,391	(197,391)	-
Total	\$ 10,615,232	\$ 2,648,446	\$ (1,989,154)	\$ 11,274,525

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TOWN OF TIMNATH, COLORADO

HIGHWAY USERS REPORT YEAR ENDED DECEMBER 31, 2022

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO			
		YEAR ENDING (mm/yy): 12/22			
This Information From The Records Of: TOWN OF TIMNATH		Prepared By: DEZIRE SANCHEZ			
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		
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. EXPENDITURES FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway expenditures:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 265,076.78		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 1,041,210.39		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	\$ 99,332.87		
2. General fund appropriations	\$ 247,199.45	b. Snow and ice removal	\$ 144,481.13		
3. Other local imposts (from page 2)	\$ 2,261,998.88	c. Other			
4. Miscellaneous local receipts (from page 2)	\$ 103,954.79	d. Total (a. through c.)	\$ 243,814.00		
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 733,038.92		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,283,140.09		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes	\$ 586,289.82	1. Bonds:			
d. Total (a. + b. + c.)	\$ 586,289.82	a. Interest			
7. Total (1 through 6)	\$ 3,199,442.94	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	\$ -		
C. Receipts from State government		2. Notes:			
(from page 2)	\$ 271,025.49	a. Interest			
D. Receipts from Federal Government		b. Redemption			
(from page 2)	\$ -	c. Total (a. + b.)	\$ -		
E. Total receipts (A.7 + B + C + D)	\$ 3,470,468.43	3. Total (1.c + 2.c)	\$ -		
		C. Payments to State for highways	\$ 168,345.53		
		D. Payments to toll facilities			
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,451,485.62		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Closing Debt		
A. Bonds (Total)			\$ -		
1. Bonds (Refunding Portion)					
B. Notes (Total)			\$ -		
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 4,740,504.61	\$ 3,470,468.43	\$ 2,451,485.62	\$ 5,759,487.42	\$ -
Notes and Comments:					
III.A.4 - General administration and miscellaneous includes building improvements to our Public Works Maintenance Facility of \$523k.					

TOWN OF TIMNATH, COLORADO

HIGHWAY USERS REPORT YEAR ENDED DECEMBER 31, 2022

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO YEAR ENDING (mm/yy): 12/22	
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	\$ 88,460.42
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 1,252,054.61	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 930,522.39	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 79,421.88	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 2,261,998.88	h. Other	\$ 15,494.37
c. Total (a. + b.)	\$ 2,261,998.88	i. Total (a. through h.)	\$ 103,954.79
(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 (from Item I.C.5.)	\$ 243,960.82	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 27,064.67	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other (ie. ARPA)		f. Other Federal	
f. Total (a. through e.)	\$ 27,064.67	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 271,025.49	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	
III. EXPENDITURES 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			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities	\$ -		\$ -
(2). Capacity Improvements		\$ 149,576.78	\$ 149,576.78
(3). System Preservation	\$ -		\$ -
(4). System Enhancement And Operation	\$ 115,500.00		\$ 115,500.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ 115,500.00	\$ 149,576.78	\$ 265,076.78
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ 115,500.00	\$ 149,576.78	\$ 265,076.78
(Carry forward to page 1)			
Notes and Comments:			

FORM FHWA-536

Town of Timnath Finance Department

Lisa Gagliardi, Finance Director
Bonnie Dennis, Senior Accountant
Dezire Sanchez, Accountant
Debbie Kughn, Accountant