TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
Larimer County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
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YEAR ENDED DECEMBER 31, 2020

WIPFLI

14143 Denver W Parkway #450
Lakewood, CO 80401

303 988 1900
wipfli.com

Independent Auditor's Report

Board of Directors
Timnath Landing General Improvement District
Larimer County, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Timnath Landing General Improvement District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

Wipfli LLP

Wipfli LLP
April 27, 2021

BASIC FINANCIAL STATEMENTS

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Total Assets	$ -
LIABILITIES	
Accounts Payable	964
Noncurrent Liabilities:	
Due in More Than One Year	1,392,494
Total Liabilities	1,393,458
NET POSITION	
Unrestricted	(1,393,458)
Total Net Position	$ (1,393,458)

See accompanying Notes to Basic Financial Statements.

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 166,893	$ -	$ -	$ -	$ (166,893)
Total Governmental Activities	$ 166,893	$ -	$ -	$ -	(166,893)
GENERAL REVENUES					
Total General Revenues					-
CHANGE IN NET POSITION					(166,893)
Net Position - Beginning of Year					(1,226,565)
NET POSITION - END OF YEAR					$ (1,393,458)

See accompanying Notes to Basic Financial Statements.

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Capital Projects	Total Governmental Funds
ASSETS			
Total Assets	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 964	$ -	$ 964
Total Liabilities	964	-	964
FUND BALANCES			
Unassigned	(964)	-	(964)
Total Fund Balances	(964)	-	(964)
Total Liabilities and Fund Balances	$ -	$ -	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.			
Developer Advances Payable			(1,334,038)
Town Advances Payable			(58,456)
Net Position of Governmental Activities			$ (1,393,458)

See accompanying Notes to Basic Financial Statements.

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Capital Projects	Total Governmental Funds
REVENUES			
Total Revenues	$ -	$ -	$ -
EXPENDITURES			
Accounting	14,124	-	14,124
Audit	3,750	-	3,750
Legal Services	4,771	-	4,771
Timnath Landing Parkway	-	84,656	84,656
Harmony Road Future Costs	-	35,932	35,932
Boxelder Floodplain	-	23,660	23,660
Total Expenditures	22,645	144,248	166,893
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,645)	(144,248)	(166,893)
OTHER FINANCING SOURCES			
Town Advances	27,338	-	27,338
Developer Advances	-	144,248	144,248
Total Other Financing Sources	27,338	144,248	171,586
NET CHANGE IN FUND BALANCES	4,693	-	4,693
Fund Balances - Beginning of Year	(5,657)	-	(5,657)
FUND BALANCES - END OF YEAR	$ (964)	$ -	$ (964)

See accompanying Notes to Basic Financial Statements.

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Governmental Funds	$ 4,693
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Developer Advances	(144,248)
Town Advances	(27,338)
Change in Net Position of Governmental Activities	$ (166,893)

See accompanying Notes to Basic Financial Statements.

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

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

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Timnath Landing General Improvement District (the District), 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 District is its own local governmental entity, separate from the Town and the Timnath Development Authority. Pursuant to Section 31-25-609, C.R.S., the Town Council constitutes the Board of Directors of the District.

The District was created to reimburse the Developer for extra-ordinary improvements including public streets, park and recreation, water, sanitation, and safety.

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

The District is a component unit of the Town for financial statement reporting purposes.

The District has no employees and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Capital Assets

All extraordinary capital assets are to be constructed by the Town. As such the District does not record any capital assets.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds 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 being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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 Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

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

NOTE 3 CASH AND INVESTMENTS

Deposits with Financial Institutions

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

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

At December 31, 2020, the District had no cash deposits.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District 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 Board of Directors. 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 which include:

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

As of December 31, 2020, the District had no investments.

NOTE 4 LONG-TERM OBLIGATIONS

The District has the following long-term obligations for the year ended December 31,2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Developer Advances	$ 1,189,790	$ 144,248	$ -	$ 1,334,038	$ -
Town Advances	31,118	27,338	-	58,456	-
Total	$ 1,220,908	$ 171,586	$ -	$ 1,392,494	$ -

Developer Advances

The Town and CAC Timnath, LLC (the Developer) entered into a certain Amended and Restated Master Subdivision Improvement Agreement for Timnath Landing, dated October 24, 2017 (SIA). Pursuant to the SIA, the Town and Developer agreed to cooperate to organize a general improvement district for the purpose of reimbursing the Developer for its share of the extra-ordinary improvements described in the SIA and associated with the project known as Timnath Landing. The District is authorized to pay for or repay, by ad valorem property taxes imposed against all taxable real and personal property within the District, the total cost of the Developer extraordinary improvements which are estimated to total approximately $10.1 million. The District is authorized to impose an aggregate of 15 mills for up to 40 years, after which any outstanding reimbursement debts shall be forgiven in their entirety. The costs of organizing and administering the District are reimbursed to the Town on a first priority basis, followed by reimbursement of the Developer share of extraordinary costs. The Developer’s reimbursed share consists of the actual amount contributed by the Developer. The Developer is not entitled to interest on these reimbursed amounts.

Town Advances

On December 10, 2019, The District entered into an intergovernmental agreement to repay advances made by the Town for the District’s annual operating costs as well as District organizational costs. Pursuant to the agreement, the Town agrees to loan to the District sums of money not to exceed $50,000 per year for five years, up to $250,000. The District agrees to reimburse the Town for such advances prior to any advances to be reimbursed to the Developer.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2019, the District's voters authorized total indebtedness of $240,000,000 for construction of public improvements, operations and maintenance expenditures, and debt refunding. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 5, 2019	Authorized But Unissued
Street Improvements	$ 20,000,000	$ 20,000,000
Parks and Recreation	20,000,000	20,000,000
Potable and Non-Potable Water	20,000,000	20,000,000
Sanitation /Storm Water	20,000,000	20,000,000
Traffic and Safety	20,000,000	20,000,000
Operations and Maintenance Debt	20,000,000	20,000,000
Refunding Debt	120,000,000	120,000,000
Total	$ 240,000,000	$ 240,000,000

NOTE 5 NET POSITION

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of long-term obligations for public improvements constructed by the Town and paid by the Developer as well as advances made by the Town for District operating and organizational costs.

NOTE 6 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.

NOTE 6 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Since all revenues received in 2020 are related to developer advances or advances from the Town, no emergency revenue has been provided for.

The District's management believes it is incompliance 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.

SUPPLEMENTARY INFORMATION

TIMNATH LANDING GENERAL IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

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