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Accountant's Compilation Report

Board of Commissioners
Timnath Development Authority
Larimer County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Timnath Development Authority for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016 and the actual comparative information for the year ending December 31, 2015, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Timnath Development Authority.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 22, 2016

**TIMNATH DEVELOPMENT AUTHORITY
FORECASTED 2017 BUDGET AS ADOPTED
WITH 2015 ACTUALS AND 2016 ESTIMATED**

12/22/2016

	2015 ACTUAL	2016 ESTIMATED	2017 ADOPTED
1 BEGINNING FUND BALANCE	\$ 3,980,300	\$ 16,677,090	\$ 7,587,707
2 REVENUES			
3 TIF - property taxes	3,014,190	4,330,000	4,428,612
4 TIF - sales taxes	3,771,813	4,300,000	4,600,000
5 Intergovernmental revenue	-	100,000	-
6 Net investment income	4,017	20,000	20,000
7 Loan proceeds	50,000,000	-	-
8 Total revenues	<u>56,790,020</u>	<u>8,750,000</u>	<u>9,048,612</u>
9 Total funds available	<u>60,770,320</u>	<u>25,427,090</u>	<u>16,636,319</u>
10 EXPENDITURES			
11 Loan interest	1,538,443	2,257,000	2,169,803
12 Loan principal	-	1,800,000	2,150,000
13 Loan refunding	35,605,000	-	-
14 Loan issuance costs	215,000	-	-
15 Miscellaneous	532	85,000	95,000
16 Capital outlay			
17 Road, Utilities, Buildings, Community Revitalization, Other (transfer to Town)	2,538,775	6,869,247	954,707
18 Harmony Phase 3	-	1,000,000	4,503,000
19 Boxelder - BBRSA IGA	48,478	1,200,000	330,000
20 Developer shareback incentive	1,262,453	1,500,000	1,605,000
21 Transfer to Town - general	2,884,549	3,128,136	2,828,809
22 Total expenditures requiring appropriation	<u>44,093,230</u>	<u>17,839,383</u>	<u>14,636,319</u>
23 ENDING FUND BALANCE	<u>\$ 16,677,090</u>	<u>\$ 7,587,707</u>	<u>\$ 2,000,000</u>
24 RESERVES			
25 Required debt service reserve	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
26 Required pledged revenue	20,136	-	-
27 Reserved for capital projects	14,656,954	5,587,707	-
28 Total reserves	<u>\$ 16,677,090</u>	<u>\$ 7,587,707</u>	<u>\$ 2,000,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**TIMNATH DEVELOPMENT AUTHORITY
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

On November 10, 2004, the Town of Timnath (the Town) formed an Urban Renewal Authority to be known as the Timnath Development Authority (TDA). On December 15, 2004, the Town approved the Urban Renewal Plan (the Plan) which was prepared pursuant to the provisions of the Urban Renewal Law of the State of Colorado, Par 1 of Article 25 of Title 31, C.R.S., as amended. The Plan was amended in March 2007. 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 so as to promote development within the Town to ensure the Town's long-term financial viability.

Various public improvements anticipated within the TDA include, but are not limited to, the following projects: Roads – Harmony, Main Street, 4th Street, Bus Grove, Parkway, Riverbend, Summerfield Parkway Ditch Crossing, Latham Parkway; Utilities – Offsite Sewer Extension, Old Town Improvements, Old Town Sewer Connections/Tap Fees; Stormwater – Boxelder Stormwater Fort Collins Projects, Boxelder Basin Regional Stormwater Authority Projects; Other – Community Revitalization and Signage and Monumentation Projects.

The TDA's budget is prepared using the modified accrual basis of accounting.

Revenues

Tax Increment Financing (TIF)

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 sales taxes collected within the Plan Area can be utilized to pay 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.

TIF property taxes 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 of 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 loans or bonds of the TDA.

TIF sales taxes represent 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 ended February, 28, 2007. Any TIF sales taxes not needed for annual principal and interest payments are transferred to the Town pursuant to Cooperation Agreement between the Town and the TDA which was amended and restated on February 25, 2014.

Net Investment Income

Interest earned on the TDA's available funds has been estimated based on an average interest rate of approximately 0.50%.

**TIMNATH DEVELOPMENT AUTHORITY
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Debt Service

On September 29, 2015, the TDA refinanced its 2014 Loan with Compass Mortgage Corporation (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 1st and December 1st. The 2015 Loan matures on December 1, 2029. The purposes of the 2015 Loan were as follows: (a) refunding of prior loan; (b) funding of TDA capital projects; (c) funding of Debt Reserve; and (d) paying costs of issuance.

Capital Outlay

It is anticipated that the TDA will transfer approximately \$1M of loan proceeds to the Town of Timnath for various TDA capital projects that will be constructed by the Town in 2017. Additionally, the approximately \$4.5M is projected to be spent during 2017 related to Harmony Phase 3 road improvements.

Boxelder – BBRSA IGA

The TDA has entered into various intergovernmental agreements with the Boxelder Basin Regional Stormwater Authority (BBRSA) together with Larimer County, the City of Fort Collins, and the Town of Wellington, for the purpose of collectively participating in the construction of certain regional stormwater improvements. The TDA's financial share of these improvements in 2017 is estimated to total \$330,000.

Developer Shareback Incentive

On January 14, 2014, the TDA entered into a Public/Private Partnership Agreement between Cache La Poudre Investors South, LLC, Cache La Poudre Development South, LLC, and the Town wherein the TDA has agreed to share back certain retailer sales tax revenues for a period of five years commencing on the first day of when the retailer is open for business plus any additional time necessary to recover 50% of on-site construction improvements' overrun. It is anticipated that approximately \$1.6M will be shared back as part of this agreement for the 2017 budget year.

Transfer to Town - General

TIF property and sales taxes in excess of the amount necessary for the annual payment of principal and interest and other contractually obligated amounts, including but not limited to the replenishment of the reserve funds, are transferred to the Town.

Debt and Leases

Principal and interest payments are provided based on the debt amortization schedule from the 2015 Loan with Compass Mortgage Corporation. The TDA's current debt service schedule is attached.

The TDA has no operating or capital leases.

**TIMNATH DEVELOPMENT AUTHORITY
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

Debt Service Reserve

The TDA is required to maintain a debt service reserve of \$2,000,000 under the 2015 Loan Agreement.

This information is an integral part of the accompanying budget.

**TIMNATH DEVELOPMENT AUTHORITY
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

REFUNDING AND IMPROVEMENT LOAN

\$50,000,000 Note Payable

Dated September 29, 2015

Interest Rate per annum - 4.44%

Interest Payable June 1 and December 1

Principal Due December 1

Year Ended December 31,	Principal Due December 1		
	Principal	Interest	Total
2017	\$ 2,150,000	\$ 2,169,803	\$ 4,319,803
2018	2,705,000	2,073,018	4,778,018
2019	3,125,000	1,951,247	5,076,247
2020	3,260,000	1,815,531	5,075,531
2021	3,415,000	1,663,816	5,078,816
2022	3,570,000	1,510,084	5,080,084
2023	3,735,000	1,349,375	5,084,375
2024	3,900,000	1,184,474	5,084,474
2025	4,080,000	1,005,672	5,085,672
2026	4,265,000	822,004	5,087,004
2027	4,460,000	630,008	5,090,008
2028	4,660,000	430,410	5,090,410
2029	4,875,000	219,458	5,094,458
	\$ 48,200,000	\$ 16,824,900	\$ 65,024,900

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.