

**INTERQUEST TOWN CENTER BID  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**INTERQUEST TOWN CENTER BID  
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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Interquest Town Center Business Improvement District**  
Colorado Springs, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Interquest Town Center Business Improvement District ("District"), a component unit of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2019, 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 opinions 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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 the District as of December 31, 2019, and the changes in its 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

### *Required Supplementary Information*

Management has omitted 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 which 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 opinions on the basic financial statements are not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
April 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**INTERQUEST TOWN CENTER BID  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 4,167
Cash and Investments - Restricted	3,169
Accounts Receivable - County Treasurer	932
Prepaid Expenses	100
Property Taxes Receivable	54,609
Total Assets	62,977
<b>LIABILITIES</b>	
Accounts Payable	5,998
Noncurrent Liabilities	
Due in More Than One Year	17,382
Total Liabilities	23,380
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	54,609
Total Deferred Inflows of Resources	54,609
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	100
Unrestricted	(15,112)
Total Net Position	\$ (15,012)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 21,063	\$ -	\$ -	\$ -	\$ (21,063)
Interest on Long-Term Debt and Related Costs	171	-	-	-	(171)
Total Government Activities	\$ 21,234	\$ -	\$ -	\$ -	(21,234)
 <b>GENERAL REVENUES</b>					
Public Improvement Fees					5,389
Other Revenue					833
Total General Revenues					6,222
 <b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					-
 <b>NET POSITION - END OF YEAR</b>					
					\$ (15,012)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

<b>ASSETS</b>	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 4,167	\$ -	\$ -	\$ 4,167
Cash and Investments - Restricted	100	-	3,069	3,169
Accounts Receivable	-	-	932	932
Prepaid Expenses	100	-	-	100
Property Taxes Receivable	6,068	48,541	-	54,609
	<u>10,435</u>	<u>48,541</u>	<u>4,001</u>	<u>62,977</u>
Total Assets	<u>\$ 10,435</u>	<u>\$ 48,541</u>	<u>\$ 4,001</u>	<u>\$ 62,977</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 5,610	\$ -	\$ 388	\$ 5,998
Total Liabilities	5,610	-	388	5,998
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	6,068	48,541	-	54,609
Total Deferred Inflows of Resources	6,068	48,541	-	54,609
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expenses	100	-	-	100
Restricted For:				
Emergencies (TABOR)	100	-	-	100
Unassigned	(1,443)	-	3,613	2,170
Total Fund Balances	<u>(1,243)</u>	<u>-</u>	<u>3,613</u>	<u>2,370</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,435</u>	<u>\$ 48,541</u>	<u>\$ 4,001</u>	

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

Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Developer Advance Payable	(17,211)
Accrued Interest Payable - Developer Advances	(171)
Net Position of Governmental Activities	<u>\$ (15,012)</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Public Improvement Fees	\$ -	\$ -	\$ 5,389	\$ 5,389
Other Revenue	833	-	-	833
Total Revenues	<u>833</u>	<u>-</u>	<u>5,389</u>	<u>6,222</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	7,328	-	-	7,328
Legal	10,894	-	-	10,894
Miscellaneous	1,065	-	-	1,065
Capital Projects:				
PIF Collection Expense	-	-	1,776	1,776
Total Expenditures	<u>19,287</u>	<u>-</u>	<u>1,776</u>	<u>21,063</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(18,454)	-	3,613	(14,841)
<b>OTHER FINANCING SOURCES</b>				
Developer Advance	17,211	-	-	17,211
Total Other Financing Sources	<u>17,211</u>	<u>-</u>	<u>-</u>	<u>17,211</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,243)	-	3,613	2,370
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>(1,243)</u>	<u>-</u>	<u>3,613</u>	<u>2,370</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	2,370
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases, and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment 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.

Developer Advance		(17,211)
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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.

Accrued Interest on Developer Advance - Change in Liability		<u>(171)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(15,012)</u></u>
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**INTERQUEST TOWN CENTER BID  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Other Revenue	\$ -	\$ 833	\$ 833
Total Revenues	<u>-</u>	<u>833</u>	<u>833</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	2,500	7,328	(4,828)
Insurance	2,500	-	2,500
Legal	15,000	10,894	4,106
Management	1,500	-	1,500
Miscellaneous	2,000	1,065	935
Dues and Licenses	10,000	-	10,000
Contingency	16,500	-	16,500
Total Expenditures	<u>50,000</u>	<u>19,287</u>	<u>30,713</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(50,000)	(18,454)	31,546
<b>OTHER FINANCING SOURCES</b>			
Developer Advance	50,000	17,211	(32,789)
Total Other Financing Sources	<u>50,000</u>	<u>17,211</u>	<u>(32,789)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(1,243)	(1,243)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (1,243)</u>	<u>\$ (1,243)</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Interquest Town Center BID (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on December 11, 2017, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical.

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

The District's annual budget is required to be submitted to and approved by the City, thus enabling the City to impose its will on the District. Consequently, the District is considered to be a component unit of the City.

**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.

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

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 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 is 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors 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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Deferred Inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**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.

*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.

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit will be eliminated with receipt of funds advanced by Developer in 2020.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 4,167
Cash and Investments - Restricted	<u>3,169</u>
	<u><u>\$ 7,336</u></u>

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

Deposits with Financial Institutions	<u><u>\$ 7,336</u></u>
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**Deposits with Financial Institutions**

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

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

At December 31, 2019, the District had a bank balance of \$15,393 and carrying balance of \$7,336.

**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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Investments (Continued)**

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

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

As of December 31, 2019, the District had no investments.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Retirements	Balance at December 31, 2019	Due Within One Year
Developer Advances					
Operations	\$ -	\$ 17,211	\$ -	\$ 17,211	\$ -
Accrued Interest on Developer Advances					
Operations	-	171	-	171	-
	<u>\$ -</u>	<u>\$ 17,382</u>	<u>\$ -</u>	<u>\$ 17,382</u>	<u>\$ -</u>

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On May 8, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$57,600,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 8, 2018 Election
Water	\$ 4,800,000
Streets	4,800,000
Sanitation	4,800,000
Traffic and Safety	4,800,000
Parks and Recreation	4,800,000
Transportation	4,800,000
Reimbursement Agreement	4,800,000
Security	4,800,000
Business Recruitment, Management, and Development	4,800,000
Operations and Maintenance	4,800,000
Debt Refunding	4,800,000
Special Assesment Debt	4,800,000
Total	<u>\$ 57,600,000</u>

As set forth in the District's 2019 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$34,560,000 without future approval by the City. The District may levy up to 50.000 mills for debt service and up to 5.000 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District.

**Developer Advances**

The District entered into a Reimbursement Agreement with Interquest Town Center, LLC (the Developer). The operations advances made to the District will accrue interest from the date of the advance to the date of repayment at a rate of 8.0% simple interest. The total operations advances made by the Developer to the District totaled \$17,211 with accrued interest of \$171 as of December 31, 2019.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves (see Note 10)	\$ 100
Total Restricted Net Position	\$ 100

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of Developer advances received for operations.

**NOTE 6 RELATED PARTIES**

The Developer of the property which constitutes the District is Interquest Town Center, LLC. Certain members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

**NOTE 7 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 8 AGREEMENTS**

**Facilities Funding and Acquisition Agreement**

The District entered into a Facilities Funding and Acquisition Agreement (Agreement) on January 24, 2018 with Interquest Town Center, LLC (the Developer) whereby the District agrees to reimburse the Developer for the costs related to the public improvements within the District. The District agrees to repay the Developer along with accrued interest at a rate of 8.0% simple interest from the date of the expenditure by the Developer through the date of repayment by the District. The parties agree that no payment shall be required of the District for public improvements acquired under the terms of the Agreement unless and until the District issues debt or has other legally available revenue to repay for the purpose as in an amount sufficient to acquire all or a portion of the completed public improvements. The term of this Agreement shall extend from the date hereof through and including December 31, 2047, unless terminated earlier by the mutual written agreement of the Parties.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Reimbursement Agreement**

The District entered into a Reimbursement Agreement with Interquest Town Center, LLC (the Developer) on January 24, 2018 to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 8.00% simple interest. The Agreement is subject to annual appropriations and renews annually.

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 10 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.

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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On May 8, 2018, a majority of the District's authorized electors authorized the District to increase property taxes \$10,000,000 annually, without limitation to rate, to pay the District's operations and maintenance costs. Additionally, the District's voters authorized the District to collect, retain and spend all revenue in excess of TABOR spending, revenue raising or other limitations.

The District'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.

**SUPPLEMENTARY INFORMATION**

**INTERQUEST TOWN CENTER BID  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Interest - Bonds	178,750	-	178,750
Paying Agent Fees	3,000	-	3,000
Total Expenditures	181,750	-	181,750
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(181,750)	-	181,750
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other fund	350,000	-	350,000
Total Other Financing Sources	350,000	-	350,000
<b>NET CHANGE IN FUND BALANCE</b>	168,250	-	(168,250)
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 168,250	\$ -	\$ (168,250)

**INTERQUEST TOWN CENTER BID  
CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
PIF Revenue	\$ -	\$ 5,389	\$ 5,389
Total Revenues	<u>-</u>	<u>5,389</u>	<u>5,389</u>
<b>EXPENDITURES</b>			
Current:			
Bond Issue Costs	150,000	-	150,000
PIF Collection Expense	-	1,776	(1,776)
Capital Projects:			
Capital Outlay	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total Expenditures	<u>5,150,000</u>	<u>1,776</u>	<u>5,148,224</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,150,000)</u>	<u>3,613</u>	<u>5,153,613</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Issuance	5,500,000	-	(5,500,000)
Developer Advance	5,000,000	-	(5,000,000)
Transfer to Other Funds	(350,000)	-	350,000
Repay Developer Advance	<u>(5,000,000)</u>	<u>-</u>	<u>5,000,000</u>
Total Other Financing Sources (Uses)	<u>5,150,000</u>	<u>-</u>	<u>(5,150,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	3,613	3,613
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,613</u>	<u>\$ 3,613</u>

## **OTHER INFORMATION**

**INTERQUEST TOWN CENTER BID  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 827,300	0.000	-	-	
Estimated for the Year Ending December 31, 2020	\$ 1,213,530	45.000	\$ 54,609		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.