



***GREATER DOWNTOWN COLORADO SPRINGS BUSINESS
IMPROVEMENT DISTRICT***

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTAL INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS



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DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Downtown Colorado Springs
Business Improvement District
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund, of Greater Downtown Colorado Springs Business Improvement District (District) as of and for the year ended 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT-CONTINUED

February 18, 2021

Page 2

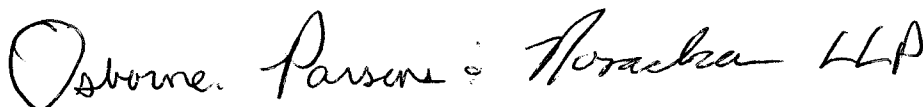
Opinions

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, 2020, 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.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.



Colorado Springs, Colorado

February 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

As management of the Greater Downtown Colorado Springs Business Improvement District (BID), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the basic financial statements.

Financial highlights by program area:

PUBLIC SPACE MANAGEMENT

The BID Board recognizes the positive economic impact a clean and accessible public space can bring to Downtown, generating sales tax revenue, attracting new businesses, and strengthening downtown's competitiveness in the regional marketplace. Public Space Management costs represent 77 percent of the total expenditures in 2020.

- In order to provide dedicated, seven-day-a-week, skilled staffing for public space management, the BID contracted with Robertson's Landscaping for daily cleaning, planting and maintenance of flowerpots and flowerbeds. The contracts ensure greater daily staffing levels and more frequent cleaning of blocks on the outer edges of the BID.
- Cleaning services included trash pickup on an estimated 128 block faces several times weekly, 867 instances of graffiti/sticker mitigation, more than 150 instances of spills/waste removal, nearly 12,500 removals of gum and cigarette butts, and 15 snow events requiring shoveling and/or removal and application of ice melt. The BID also contracted for three instances of high-level power washing of sidewalks.
- 96 banners were hung on light poles to promote nonprofit and civic events that benefit the community.
- BID maintained 122 flowerbeds and 48 large flowerpots with a mix of annuals and perennials brimming with color during the summer months.
- The BID contracted with Mercurial Security Solutions, providing 6,000 hours of seasonal supplemental private security, with 5,893 miles walked or biked by security patrols.
- The BID contracted with Robertson's Landscaping to reinstall lighting in about 100 trees, plus the addition of lights to a new block face, to create a safer and more festive atmosphere.

MARKETING AND PUBLIC RELATIONS

Consumer marketing of downtown is essential to the continued economic growth of the district and its constituents. Programs are designed to provide collaborative marketing services beyond what any individual small business could achieve on its own. The marketing budget represents 15 percent of the District's total expenditures in 2020. Once again, the BID partnered with the Colorado Springs Downtown Development Authority (DDA) on Downtown marketing services, with the BID covering staffing/labor

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

MARKETING AND PUBLIC RELATIONS - Continued

costs and the DDA paying direct costs of advertising placement, printing, etc. Highlights of those programs follow.

- Downtown's Gift Card program is designed to promote shopping and dining within the BID and help consumers discover new stores and eateries. For 2020, the BID sold 4,215 gift cards, representing over \$108,435 in total sales.
- Advertising and promotions designed to further engage the community with shopping, dining, and entertaining Downtown. The BID devoted marketing resources to:
 - Production of 22,000 Downtown tourism maps distributed at tourist locations across the Front Range.
 - Launched the Discover Downtown Pass, a digital, mobile-friendly savings pass featuring offers from 72 Downtown businesses, utilized by more than 2,300 users.
 - Created enhanced online shopping and dining directories, visited by more than 10,000 visitors.
 - Additional holiday advertising promoted Small Business Saturday every Saturday in November, downtown holiday shopping and dining, and the annual Holiday Stroll. 6,000 Holiday Discount Books featuring scores of businesses were distributed.
- The BID issued more than 30 press releases, generating dozens of media stories about Downtown businesses, events, and activities (not including calendar listings), valued at more than \$80,000.
- The BID continued use of digital media in 2020, to include:
 - Twice-monthly dissemination of downtown e-newsletters to keep stakeholders informed about marketing opportunities, street closures and other pertinent news to more than 5,600 subscribers.
 - More frequent engagement through social media including 16,700 Facebook followers, 8,500 Twitter followers and more than doubling Instagram followers to more than 10,000 by year's end.

OVERVIEW OF FINANCIAL STATEMENTS

The content of the memorandum is intended to serve as an introduction to the District's basic financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide financial statements (statements of net position and activities) are designed to provide readers with a broad overview of BID's finances using the economic resources measurement focus

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

and accrual basis of accounting. Revenue is recorded when received and expenses are recorded when a liability is incurred.

Every fund, within the accounts of BID, is considered an individual fiscal and accounting unit. Each fund contains a self-balancing set of accounts that record cash and/or other assets with related liabilities, obligations, reserves and equities that have been specified for individual activities or objectives. Governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time.

BID adopts an annually appropriated budget for all funds. A budgetary comparison statement has been provided to demonstrate compliance with the accepted budget.

Comparative statements of net position and comments relating to significant changes are:

Statement of Net Position			
Assets	2020	2019	Change
Cash, Cash Equivalents, and Investments	\$ 494,671	\$ 453,817	\$ 40,854
Cash with County Treasurer	4,976	5,815	(839)
Property Tax Receivable	523,636	526,692	(3,056)
Accounts Receivable	11,624	8,861	2,763
Prepaid Expenses	18,993	19,804	(811)
Capital Assets Net of Accumulated Depreciation	18,071	14,627	3,444
Total Assets	\$ 1,071,971	\$ 1,029,616	\$ 42,355
Liabilities			
Accounts Payable and Other Accrued Expenses	\$ 40,744	\$ 11,432	\$ 29,312
Total Liabilities	40,744	11,432	29,312
Deferred Inflows of Financial Resources			
Unearned Tax Revenue	523,636	526,692	(3,056)
Total Deferred Inflows of Financial Resources	523,636	526,692	(3,056)
Net Position			
Invested in Capital Assets Net of Related Debt	18,071	14,627	3,444
Restricted for Emergency	22,580	19,882	2,698
Unrestricted	466,940	456,983	9,957
Total Net Position	\$ 507,591	\$ 491,492	\$ 16,099

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

ASSETS

Increase in cash is due to an increase in the receipt of property taxes and earning more interest.

LIABILITIES

Accounts payable increase is due to an increase in landscaping and cleaning expenses.

Comparative statements of activities and comments related to significant changes:

Statement of Activities			
	2020	2019	Change
Expenses			
Public Space Management	\$ 578,935	\$ 499,365	\$ 79,570
Marketing	113,154	106,200	6,954
Direct Overhead	48,388	48,877	(489)
Depreciation	8,740	10,053	(1,313)
Total Expenses	749,217	664,495	84,722
Revenue			
Program Revenue	17,744	19,629	(1,885)
Contributions	165,000	113,000	52,000
General Revenue			
Property Tax	516,719	501,027	15,692
Specific Ownership Tax	61,719	64,494	(2,775)
Interest	3,882	7,912	(4,030)
Miscellaneous	252	283	(31)
Total Revenue	765,316	706,345	58,971
Change in Net Position	16,099	41,850	(25,751)
Net Position			
Beginning of the Year	491,492	449,642	41,850
End of the Year	\$ 507,591	\$ 491,492	\$ 16,099

PUBLIC SPACE MANAGEMENT

Public space management expenses increased due to increased hours allotted for supplemental private security and increased contract services for landscaping and cleaning.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

REVENUE

Decrease in program revenue is due to decreased banner rental. Increase in contributions is due to funding from the city in the amount of \$150,000 to increase supplemental security.

Analysis of budgeted amounts:

	Budgeted Amounts		
	Original	Final	Difference
Expenditures			
Public Space Management	\$ 631,025	\$ 631,025	\$ -
Marketing	107,050	107,050	-
Direct Overhead	51,303	51,303	-
Other Expenses	80,000	80,000	-
Total Expenses	869,378	869,378	-
Revenue			
Program Revenue	184,000	184,000	-
Net Expenditures	685,378	685,378	-
General Revenue			
Property Taxes	519,541	519,541	-
Specific Ownership Tax	62,945	62,945	-
Interest	10,000	10,000	-
Total General Revenue	592,486	592,486	-
Revenue over Expenditures	\$ (92,892)	\$ (92,892)	\$ -

There was no modification to the original budget adopted.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

REVENUE - Continued

A comparison of the final budget and actual budgetary basis, with comments concerning significant variance:

	Final Budgeted Amounts	Actual	Variances with Final Budget Favorable (Unfavorable)
Expenditures			
Public Space Management	\$ 631,025	\$ 578,935	\$ 52,090
Marketing	107,050	113,154	(6,104)
Direct Overhead	51,303	48,388	2,915
Other Expenses	80,000	-	80,000
Capital Outlay	-	12,184	(12,184)
Total Expenditures	869,378	752,661	116,717
Revenue			
Program Revenue	184,000	182,996	(1,004)
General Revenue			
Property Taxes	519,541	516,719	(2,822)
Specific Ownership Tax	62,945	61,719	(1,226)
Interest	10,000	3,882	(6,118)
Total Revenue	776,486	765,316	(11,170)
Revenue Over Expenditures	\$ (92,892)	\$ 12,655	\$ 105,547

EXPENDITURES

The capital outlay expense is due to the purchase of an all-terrain vehicle and lighting.

Requests for Information

Additional information or questions may be addressed by contacting Susan Edmondson at 111 S Tejon St, Suite 703, Colorado Springs, CO 80903.

FINANCIAL STATEMENTS

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 494,671
Cash with County Treasurer	4,976
Property Tax Receivable	523,636
Accounts Receivable	11,624
Prepaid Expenses	18,993
Capital Assets Net of Accumulated Depreciation	18,071
Total Assets	<u><u>\$ 1,071,971</u></u>
 Liabilities	
Accounts Payable and Other Accrued Expenses	\$ 40,744
Total Liabilities	<u>40,744</u>
 Deferred Inflows of Financial Resources	
Unearned Tax Revenue	523,636
Total Deferred Inflows of Financial Resources	<u>523,636</u>
 Net Position	
Invested in Capital Assets Net of Related Debt	18,071
Restricted for Emergency	22,580
Unrestricted	466,940
Total Net Position	<u><u>\$ 507,591</u></u>

See Notes to Financial Statements

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Program Revenues			Net Program
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Expense
Public Space Management	\$ 578,935	\$ 4,640	\$ 165,000	\$ (409,295)
Marketing	113,154	13,104	-	(100,050)
Direct Overhead	48,388	-	-	(48,388)
Depreciation	8,740	-	-	(8,740)
Total Governmental Activities	\$ 749,217	\$ 17,744	\$ 165,000	(566,473)
General Revenues				
General Property Tax				516,719
Specific Ownership Tax				61,719
Miscellaneous				252
Interest				3,882
Total General Revenues				582,572
Change in Net Position				16,099
Net Position - Beginning				491,492
Net Position - Ending				\$ 507,591

See Notes to Financial Statements

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2020**

ASSETS

Assets

Cash and Investments	\$	494,671
Cash with County Treasurer		4,976
Property Tax Receivable		523,636
Accounts Receivable		11,624
Prepaid Expenses		18,993
Total Assets	\$	<u>1,053,900</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable and Other Accrued Expenses	\$	40,744
Total Liabilities		<u>40,744</u>

Deferred Inflows of Financial Resources

Unearned Tax Revenue		523,636
Total Deferred Inflows of Financial Resources		<u>523,636</u>

Fund Balances

Nonspendable		18,993
Restricted for Emergency		22,580
Committed		25,285
Assigned		328,238
Unassigned		94,424
Total Fund Balances		<u>489,520</u>

Total Liabilities, Deferred Inflows of

Financial Resources, and Fund Balances	\$	<u>1,053,900</u>
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**GREATER DOWNTOWN COLORADO SPRINGS
 BUSINESS IMPROVEMENT DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2020**

Fund Balance per the Governmental Fund Balance Sheet \$ 489,520

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

Capital assets used in government activities are not financial resources and are not reported as assets in the governmental funds. Capital assets at year end consist of:

Depreciable Assets	140,163	
Accumulated Depreciation	(122,092)	
Net Capital Assets		18,071

Total Net Position - Governmental Activities **\$ 507,591**

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

Revenues

Charges for Services	\$	182,996
Property Tax		516,719
Specific Ownership Tax		61,719
Interest		3,882
Total Revenues		765,316

Expenditures

Public Space Management		578,935
Marketing		113,154
Direct Overhead		48,388
Capital Outlay		12,184
Total Expenditures		752,661

Net Change in Fund Balance		12,655
Fund Balance - Beginning		476,865
Fund Balance - Ending	\$	489,520

See Notes to Financial Statements

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2020**

Revenue Over Expenditures - Governmental Funds	\$	12,655
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay is reported in the governmental funds as an expenditure. However, in the statement of activities the cost of the assets purchased is allocated over the estimated useful lives as depreciation expense.

Capital Outlay	12,184	
Depreciation Expense	(8,740)	
Net Change		3,444

Total Net Change in Statement of Activities	\$	16,099
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NOTES TO FINANCIAL STATEMENTS

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization - The Greater Downtown Colorado Springs Business Improvement District (District) was established in July 2001 by the Colorado Springs City Council. The District was organized to provide continuing support for maintenance of public improvements within the District as well as a resource to promote business activity within the area. Operations are financed primarily by tax revenues collected on real and personal property located within the District.

The District is governed by an eleven-member Board of Directors appointed as provided in the Business Improvement Act of the State of Colorado.

The District normally enters into a Contract Service Agreement with the Downtown Partnership of Colorado Springs, (a non-profit corporation) (Downtown Partnership). Under this service agreement, the Downtown Partnership acts as manager of the District's operations and programs, which consist primarily of public space management services, marketing services, and transportation services.

The District has no component units for which either discrete or blended presentation is required.

The District is considered a governmental fund type, component unit of the City of Colorado Springs.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental unit. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

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 the related cash flow.

Fund Financial Statements - The accounts of the District are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts. Each fund records cash and/or other assets, together with all related liabilities, obligations, reserves and equities, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Fund Type - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting - The basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are reported as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

Capital Assets - Capital assets are reported in the government-wide financial statements. Capital assets are defined as assets having an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair 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 asset lives are not capitalized.

Depreciable capital assets are depreciated using the straight-line method over estimated useful lives of 3-5 years.

Deferred Inflow of Financial Resources - Upon certification of the amount of levy by the District to El Paso County, Colorado, the County levies the property tax in December of the year prior-to the year of collection of the tax. The County also acts as the billing and collection agency for the District. Property taxes attach as a lien on January 1, and may be paid in full by April 30, or in equal installments by February 28 and July 31. The District records the tax as a receivable when measurable and an enforceable legal claim attaches to the property. The tax is recognized as revenue when the money is available in the following year.

Fund Balances/Net Position - The District adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. As such, governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance for the District's governmental fund consists of the following:

Nonspendable - includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as prepaid items or inventory.

Restricted - includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Committed - includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the District's Board of Directors. Commitments may be modified or changed only by the District's Board of Directors approving a new resolution.

Assigned - includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District's Board of Directors to which the assigned amounts are to be used for specific purposes. Assigned amounts may include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's balance.

Unassigned - this is the residual classification for the general fund.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction, or improvement of capital assets.

Restricted Net Assets - this classification consists of restrictions created by external creditors, grantors, contributors, laws, or regulations of other governments, enabling legislation and constitutional provisions.

Unrestricted Net Assets - this classification represents the remainder of net assets that do not meet the definition of "invested in capital assets, net of related debt", or "restricted net assets."

Employee Benefits - The District has no employees; all services are contracted out.

Fair Value of Financial Instruments - Financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Information - An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end.

NOTE 1 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 consist of the following:

Deposits with Financial Institutions	\$ 53,236
Investments	441,435
Total Cash and Investments	<u>\$ 494,671</u>

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

Deposits are categorized to give an indication of risk assumed by the District at the end of the year. Category a) Uncollateralized, Category b) Collateralized with securities held by pledging institution, Category c) Collateralized with securities held by the pledging institution's trust department or agent but not in the depositor-government's name.

At December 31, 2020, the District's cash deposits had a bank balance of \$52,903, and a carrying balance of \$53,236.

INVESTMENTS

Credit Risk - The District has not adopted a formal investment policy; however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH AND INVESTMENTS - Continued

- Commercial paper
- Certain reverse repurchase agreements.
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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.

Interest Rate Risk - The District’s policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes.

At December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST	Weighted Average Under 60 Days	\$ <u>441,435</u>

COLOTRUST

At December 31, 2020, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), and investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor’s.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH AND INVESTMENTS - Continued

Investment Valuation - Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not categorized within the fair value hierarchy. Instead the District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalents of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. THE NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however, changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE 2 – CAPITAL ASSETS

The following is a summary of changes in capital assets:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Machinery & Equipment	\$ 127,979	\$ 12,184	\$ -	\$ 140,163
Less: Accumulated Depreciation	(113,352)	(8,740)	-	(122,092)
Government Activities				
Capital Assets Net	<u>\$ 14,627</u>	<u>\$ 3,444</u>	<u>\$ -</u>	<u>\$ 18,071</u>

Depreciation expense for the year ended December 31, 2020, was \$8,740.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – FUND BALANCE

As of December 31, 2020, fund balances are composed of the following amounts:

	General Fund
Nonspendable	
Prepaid Tile Inventory	\$ 5,207
Other Prepaid Expenses	13,786
	18,993
Restricted	
Emergency	22,580
Committed	
Capital Reserve	25,285
Assigned	
Operating Reserve	328,238
Unassigned	94,424
Total Fund Balance	\$ 489,520

As required by a Colorado constitutional amendment (TABOR), the District has established an emergency reserve in the amount of \$22,580 as of December 31, 2020. This reserve represents 3% of the 2020 fiscal year spending. The capital reserve was committed through a resolution of the District’s Board of Directors for future equipment and capital asset purchases and replacements. The District’s also maintains a six-month operating reserve for future operating needs.

NOTE 4 – AMENDMENT TO COLORADO CONSTITUTION

In November 1992, the voters of Colorado approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves to compensate for economic conditions, revenue shortfall, or local government salary or benefit increases.

The District voters elected to override the TABOR amendment for 2003 and future years. However, the above-mentioned emergency reserve requirement remains.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – AMENDMENT TO COLORADO CONSTITUTION - Continued

TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District believes it has complied with all appropriate aspects of the TABOR amendment.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts (theft of, damage to and destruction of assets), errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 6 – CONTRACTS FOR SERVICES

The District entered into a Contract for Services Agreement with the Downtown Partnership for a twelve-month period ending December 31, 2020. Terms of the agreement specify that the Downtown Partnership would manage and administer the District in accordance with the 2020 budget and operating plan. The District's expense under this agreement was \$211,147.

Effective January 1, 2021, the District entered into an agreement, similar to the above, for 2021 services. The District's expense under this agreement is \$211,147.

The District entered into a Contract for Service Agreement with a company for a twenty-four-month period ending December 31, 2021. The total District expense under this agreement is expected to be \$310,680, annually. Terms of the agreement specify the company would provide services for public space management and landscape services. The District's expense under this agreement for the year ending December 31, 2020 was \$304,898.

The District entered into a Contract for Service Agreement with a company for a twelve-month period ending December 31, 2020, for security services. Compensation under this agreement was based on hourly rates. The District's expense under this agreement for the period ending December 31, 2020 was \$126,865.

Effective January 2, 2021, the District entered into a Contract for Service Agreement with a company for a twelve-month period ending December 31, 2021, for security services. District expense under this agreement is based on hourly rates.

NOTE 7 – PROPERTY TAX INCREMENT REVENUE AGREEMENT

In December 2018, the District entered into an agreement with an Urban renewal authority to allocate under Colorado State statutes tax increment financing to assist in redevelopment and public improvement. Under this agreement, the District will back the Authority with 100% of the tax increment generated by and attributable to the property for the TIF period.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – RELATED PARTY TRANSACTION

In 2020, the District entered into an agreement with the City of Colorado Springs to increase private security services within the downtown area. The District's compensation under this agreement was \$150,000.

NOTE 9 – SUBSEQUENT EVENTS

See NOTE 6 – Contracts for Services regarding contracts entered into by the District for 2021.

The District has evaluated subsequent events through February 18, 2021, that date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Expenditures				
Public Space Management	\$ 631,025	\$ 631,025	\$ 578,935	\$ 52,090
Marketing	107,050	107,050	113,154	(6,104)
Direct Overhead	51,303	51,303	48,388	2,915
Other Expenses	80,000	80,000	-	80,000
Capital Outlay	-	-	12,184	(12,184)
Total Expenditures	<u>869,378</u>	<u>869,378</u>	<u>752,661</u>	<u>116,717</u>
Revenue				
Program Revenue	<u>184,000</u>	<u>184,000</u>	<u>182,996</u>	<u>(1,004)</u>
Net Expenditures	<u>685,378</u>	<u>685,378</u>	<u>569,665</u>	<u>115,713</u>
General Revenue				
Property Taxes	519,541	519,541	516,719	(2,822)
Specific Ownership Tax	62,945	62,945	61,719	(1,226)
Interest	10,000	10,000	3,882	(6,118)
Total General Revenue	<u>592,486</u>	<u>592,486</u>	<u>582,320</u>	<u>(10,166)</u>
Revenue over Expenditures	(92,892)	(92,892)	12,655	105,547
Beginning Fund Balance, January 1	<u>476,865</u>	<u>476,865</u>	<u>476,865</u>	<u>-</u>
Ending Fund Balance, December 31	<u>\$ 383,973</u>	<u>\$ 383,973</u>	<u>\$ 489,520</u>	<u>\$ 105,547</u>

See Notes to Required Supplemental Information

NOTES REQUIRED SUPPLEMENTAL INFORMATION

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budget Accounting - Budgets are prepared in accordance with the requirements of Colorado Revised Statutes - (29-1-103) and accordingly include "anticipated income and other means of financing proposed expenditures." Expenditures also include, in addition to those shown in the operating statements, debt redemptions and capital expenditures.

Budgets - The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- A. Budgets are required by State law for all funds. During September, the proposed budget is submitted to the Board of Directors by the budget officer for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.
- B. Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- C. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.
- D. Expenditures may not legally exceed appropriations at the fund level. Board of Director approval is required for changes in the total budget of any fund or changes in project or department budgets. Budget amounts included in the financial statements are based on the final, legally amended budget.
- E. Budget appropriations lapse at the end of each year.

Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. Encumbrances are neither recorded on the books of the District nor included in the budget. The Board of Directors has the authority to make budget amendments.