

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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, 2020, 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 19, 2021

## **BASIC FINANCIAL STATEMENTS**

**INTERQUEST TOWN CENTER BID  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 5,001
Cash and Investments - Restricted	1,057,945
Accounts Receivable - County Treasurer	479
Accounts Receivable	1,256
Prepaid Expenses	2,621
Property Taxes Receivable	77,135
Capital Assets, Not Being Depreciated	1,802,012
Total Assets	2,946,449
<b>LIABILITIES</b>	
Accounts Payable	55,701
Accrued Interest Payable	1,026
Noncurrent Liabilities	
Due in More Than One Year	2,942,430
Total Liabilities	2,999,157
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	77,135
Total Deferred Inflows of Resources	77,135
<b>NET POSITION</b>	
Net Investment in Capital Assets	262,243
Restricted For:	
Emergency Reserves	400
Debt Service	333,438
Unrestricted	(725,924)
Total Net Position	\$ (129,843)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Government Activities:				
General Government	\$ 186,271	\$ -	\$ -	\$ (186,271)
Interest on Long-Term Debt and Related Costs	4,716	-	-	(4,716)
Total Government Activities	\$ 190,987	\$ -	\$ -	(190,987)
<b>GENERAL REVENUES</b>				
Property Taxes				54,609
Specific Ownership Taxes				5,936
Public Improvement Fees				13,702
Net Investment Income				1,909
Total General Revenues				76,156
<b>CHANGE IN NET POSITION</b>				(114,831)
Net Position - Beginning of Year				(15,012)
<b>NET POSITION - END OF YEAR</b>				\$ (129,843)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 5,001	\$ -	\$ -	\$ 5,001
Cash and Investments - Restricted	400	334,173	723,372	1,057,945
Accounts Receivable - County Treasurer	479	-	-	479
Accounts Receivable	-	1,256	-	1,256
Prepaid Expenses	2,621	-	-	2,621
Property Taxes Receivable	8,571	68,564	-	77,135
	<u>\$ 17,072</u>	<u>\$ 403,993</u>	<u>\$ 723,372</u>	<u>\$ 1,144,437</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,900	\$ 965	\$ 46,836	\$ 55,701
Total Liabilities	<u>7,900</u>	<u>965</u>	<u>46,836</u>	<u>55,701</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	8,571	68,564	-	77,135
Total Deferred Inflows of Resources	<u>8,571</u>	<u>68,564</u>	<u>-</u>	<u>77,135</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expenses	2,621	-	-	2,621
Restricted For:				
Emergencies (TABOR)	400	-	-	400
Debt Service	-	334,464	-	334,464
Capital Projects	-	-	676,536	676,536
Unassigned	(2,420)	-	-	(2,420)
Total Fund Balances	<u>601</u>	<u>334,464</u>	<u>676,536</u>	<u>1,011,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,072</u>	<u>\$ 403,993</u>	<u>\$ 723,372</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.				
Capital Assets, Not Being Depreciated				1,802,012
Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(2,860,000)
Accrued Interest Payable - Bonds				(1,026)
Developer Advance Payable				(78,569)
Accrued Interest Payable - Developer Advances				(3,861)
Net Position of Governmental Activities				<u>\$ (129,843)</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, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 6,068	\$ 48,541	\$ -	\$ 54,609
Specific Ownership Taxes	5,936	-	-	5,936
Net Investment Income	214	1,695	-	1,909
Public Improvement Fees	-	13,702	-	13,702
Total Revenues	<u>12,218</u>	<u>63,938</u>	<u>-</u>	<u>76,156</u>
<b>EXPENDITURES</b>				
Current:				
County Treasurer's Fees	94	754	-	848
PIF collection expense	-	2,225	-	2,225
Dues and subscriptions	1,238	-	-	1,238
Accounting	17,119	-	980	18,099
Auditing	2,300	-	-	2,300
Insurance and bonds	100	-	-	100
Legal services	23,291	-	-	23,291
Miscellaneous	12	-	1,100	1,112
Election expense	575	-	-	575
Bond Issue Costs	-	-	101,268	101,268
Organization costs	-	-	35,215	35,215
Capital Projects:				
Capital Outlay	-	-	1,802,012	1,802,012
Total Expenditures	<u>44,729</u>	<u>2,979</u>	<u>1,940,575</u>	<u>1,988,283</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(32,511)	60,959	(1,940,575)	(1,912,127)
<b>OTHER FINANCING SOURCES</b>				
Developer Advance	34,355	-	1,868,735	1,903,090
Repay Developer Advance	-	-	(1,841,732)	(1,841,732)
Bond Issuance	-	-	2,860,000	2,860,000
Transfer from (to) other Funds	-	273,505	(273,505)	-
Total Other Financing Sources	<u>34,355</u>	<u>273,505</u>	<u>2,613,498</u>	<u>2,921,358</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,844	334,464	672,923	1,009,231
Fund Balances - Beginning of Year	<u>(1,243)</u>	<u>-</u>	<u>3,613</u>	<u>2,370</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 601</u>	<u>\$ 334,464</u>	<u>\$ 676,536</u>	<u>\$ 1,011,601</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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 1,009,231

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital Outlay 1,802,012

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.

Bond Issuance	(2,860,000)
Developer Advance	(1,903,090)
Repay Developer Advance	1,841,732

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	(3,690)
Accrued Interest on Bonds - Change in Liability	<u>(1,026)</u>

Change in Net Position of Governmental Activities \$ (114,831)

**INTERQUEST TOWN CENTER BID  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 6,068	\$ 6,068	\$ -
Specific Ownership Taxes	6,007	5,936	(71)
Net Investment Income	-	214	214
Total Revenues	<u>12,075</u>	<u>12,218</u>	<u>143</u>
<b>EXPENDITURES</b>			
Current:			
County Treasurer's Fees	91	94	(3)
Dues and subscriptions	-	1,238	(1,238)
Landscape maintenance	7,500	-	7,500
Utilities	5,000	-	5,000
Accounting	15,000	17,119	(2,119)
Auditing	4,500	2,300	2,200
Insurance and bonds	2,500	100	2,400
District management	1,500	-	1,500
Legal services	15,000	23,291	(8,291)
Miscellaneous	1,999	12	1,987
Election expense	2,000	575	1,425
Contingency	16,500	-	16,500
Total Expenditures	<u>71,590</u>	<u>44,729</u>	<u>26,861</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(59,515)	(32,511)	27,004
<b>OTHER FINANCING SOURCES</b>			
Developer Advance	59,915	34,355	(25,560)
Total Other Financing Sources	<u>59,915</u>	<u>34,355</u>	<u>(25,560)</u>
<b>NET CHANGE IN FUND BALANCE</b>	400	1,844	1,444
Fund Balance - Beginning of Year	<u>-</u>	<u>(1,243)</u>	<u>(1,243)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 400</u>	<u>\$ 601</u>	<u>\$ 201</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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, 2020**

**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, 2020**

**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.

**Capital Assets**

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets component of the District's net position.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Capital Assets (Continued)**

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

Sanitary Storm/Sewer	30 Years
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**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.

**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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Equity (Continued)**

Fund Balance (Continued)

*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, 2020. The deficit will be eliminated with receipt of funds advanced by Developer in 2021.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 5,001
Cash and Investments - Restricted	1,057,945
	\$ 1,062,946

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

Deposits with Financial Institutions	\$ 1,062,946
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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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Deposits with Financial Institutions (Continued)**

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

At December 31, 2020, the District had a bank balance of \$1,062,946 and carrying balance of \$1,062,946.

**Investments**

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

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

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Streets	\$ -	\$ 957,666	\$ -	\$ 957,666
Water	-	422,173	-	422,173
Sanitary Storm/Sewer	-	422,173	-	422,173
Total Capital Assets, Not Being Depreciated	-	1,802,012	-	1,802,012
Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,802,012</u>	<u>\$ -</u>	<u>\$ 1,802,012</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020	Due Within One Year
Limited Tax G.O. Bonds, Series 2020	\$ -	\$ 2,860,000	\$ -	\$ 2,860,000	\$ -
Developer Advances Operations	17,211	34,355	-	51,566	-
Accrued Interest on Developer Advances Operations	171	2,566	-	2,737	-
Developer Advances Capital	-	1,868,735	1,841,732	27,003	-
Accrued Interest on Developer Advances Capital	-	1,124	-	1,124	-
	<u>\$ 17,382</u>	<u>\$ 4,766,780</u>	<u>\$ 1,841,732</u>	<u>\$ 2,942,430</u>	<u>\$ -</u>

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The details of the District’s long-term obligations are as follows:

**\$2,860,000 General Obligation Limited Tax Bonds, Series 2020**

On December 29, 2020, the District issued \$2,860,000 in General Obligation Limited Tax Bonds, for infrastructure improvements. The bonds bear interest at a rate of 7.00% per annum, maturing December 1, 2049. Bond interest are payable semi-annually on June 1 and December 1 each year, commencing on December 1, 2021 and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound annually on each interest payment date, at the rate borne by the Bond agreement. This Bond is subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2030, and on any date thereafter.

The bonds are secured by and payable from Pledged Revenue consisting of monies derived by the District from the Required Mill Levy. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The Required Mill Levy shall be limited to a maximum of 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2020, the adjusted maximum mill levy is 40.000 for debt service. For collection year 2020, the District levied 40.000 mills for debt service.

The District’s long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 184,629	\$ 184,629
2022	-	200,200	200,200
2023	-	200,200	200,200
2024	-	200,200	200,200
2025	30,000	200,200	230,200
2026-2030	230,000	962,500	1,192,500
2031-2035	390,000	859,950	1,249,950
2036-2040	560,000	701,050	1,261,050
2041-2045	785,000	475,650	1,260,650
2046-2049	865,000	156,450	1,021,450
Total	<u>\$ 2,860,000</u>	<u>\$ 4,141,029</u>	<u>\$ 7,001,029</u>

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 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, 2020, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 8, 2018 Election	Used Series 2020 Bonds	Authorized But Unissued
Water	\$ 4,800,000	\$ 1,519,926	\$ 3,280,074
Streets	4,800,000	670,037	4,129,963
Sanitation	4,800,000	670,037	4,129,963
Traffic and Safety	4,800,000	-	4,800,000
Parks and Recreation	4,800,000	-	4,800,000
Transportation	4,800,000	-	4,800,000
Reimbursement Agreement	4,800,000	-	4,800,000
Security	4,800,000	-	4,800,000
Business Recruitment, Management, and Development	4,800,000	-	4,800,000
Operations and Maintenance	4,800,000	-	4,800,000
Debt Refunding	4,800,000	-	4,800,000
Special Assesment Debt	4,800,000	-	4,800,000
Total	<u>\$ 57,600,000</u>	<u>\$ 2,860,000</u>	<u>\$ 54,740,000</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 \$78,569 with accrued interest of \$3,861 as of December 31, 2020.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 NET POSITION**

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had net investment in capital assets calculated as follows:

The District has net position consisting

Net Investment in Capital Assets:

Capital Assets, Net	\$ 422,173
Cash Remaining in Capital Project Fund	723,372
Noncurrent Portion of Long-Term Obligations	<u>(883,302)</u>
Net Investment in Capital Assets	<u><u>\$ 262,243</u></u>

Restricted 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 a restricted net position as of December 31, 2020, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves (see Note 11)	\$ 400
Debt Service (see Note 5)	<u>333,438</u>
Total Restricted Net Position	<u><u>\$ 333,838</u></u>

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 and developer advances received and bonds issued for public improvements.

**NOTE 7 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 8 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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 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.

**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 10 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.

**INTERQUEST TOWN CENTER BID  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 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.

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, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 48,541	\$ 48,541	\$ -
Net Investment Income	-	1,695	1,695
Public Improvement Fees	15,000	13,702	(1,298)
Total Revenues	<u>63,541</u>	<u>63,938</u>	<u>397</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	728	754	(26)
PIF collection expense	3,000	2,225	775
Interest - Bonds	178,750	-	178,750
Paying Agent Fees	3,000	-	3,000
Total Expenditures	<u>185,478</u>	<u>2,979</u>	<u>182,499</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(121,937)	60,959	182,896
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other fund	353,000	273,505	(79,495)
Total Other Financing Sources	<u>353,000</u>	<u>273,505</u>	<u>(79,495)</u>
<b>NET CHANGE IN FUND BALANCE</b>	231,063	334,464	103,401
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 231,063</u>	<u>\$ 334,464</u>	<u>\$ 103,401</u>

**INTERQUEST TOWN CENTER BID  
CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
Accounting	-	980	(980)
Miscellaneous	-	1,100	(1,100)
Bond Issue Costs	150,000	101,268	48,732
Organization Costs	-	35,215	(35,215)
Capital Projects:			
Capital Outlay	5,000,000	1,802,012	3,197,988
Total Expenditures	<u>5,150,000</u>	<u>1,940,575</u>	<u>3,209,425</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,150,000)	(1,940,575)	3,209,425
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Issuance	4,000,000	2,860,000	(1,140,000)
Developer Advance	5,000,000	1,868,735	(3,131,265)
Transfer to Other Funds	(353,000)	(273,505)	79,495
Repay Developer Advance	(3,500,000)	(1,841,732)	1,658,268
Total Other Financing Sources (Uses)	<u>5,147,000</u>	<u>2,613,498</u>	<u>(2,533,502)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,000)	672,923	675,923
Fund Balance - Beginning of Year	<u>3,000</u>	<u>3,613</u>	<u>613</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 676,536</u>	<u>\$ 676,536</u>

## **OTHER INFORMATION**

**INTERQUEST TOWN CENTER BID  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

\$2,860,000 General Limited Obligation Bonds  
Dated December 29, 2020  
Interest Rate 7.0%  
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Interest Payable Due June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 184,629	\$ 184,629
2022	-	200,200	200,200
2023	-	200,200	200,200
2024	-	200,200	200,200
2025	30,000	200,200	230,200
2026	35,000	198,100	233,100
2027	40,000	195,650	235,650
2028	45,000	192,850	237,850
2029	50,000	189,700	239,700
2030	60,000	186,200	246,200
2031	65,000	182,000	247,000
2032	70,000	177,450	247,450
2033	80,000	172,550	252,550
2034	85,000	166,950	251,950
2035	90,000	161,000	251,000
2036	95,000	154,700	249,700
2037	105,000	148,050	253,050
2038	110,000	140,700	250,700
2039	120,000	133,000	253,000
2040	130,000	124,600	254,600
2041	135,000	115,500	250,500
2042	145,000	106,050	251,050
2043	155,000	95,900	250,900
2044	170,000	85,050	255,050
2045	180,000	73,150	253,150
2046	195,000	60,550	255,550
2047	210,000	46,900	256,900
2048	220,000	32,200	252,200
2049	240,000	16,800	256,800
	<u>\$ 2,860,000</u>	<u>\$ 4,141,029</u>	<u>\$ 7,001,029</u>

**INTERQUEST TOWN CENTER BID  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	<u>Total Property Taxes</u>		Percent Collected to Levied
			<u>Levied</u>	<u>Collected</u>	
2019	\$ 827,300	0.000	\$ -	\$ -	100.00%
2020	827,300	45.000	54,609	54,609	100.00
Estimated for the Year Ending December 31, 2021	\$ 1,714,000	45.000	\$ 77,135		

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.