



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

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTAL INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Greater Downtown Colorado Springs Business Improvement District (District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to

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INDEPENDENT AUDITORS' REPORT - CONTINUED

February 15, 2022

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continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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

INDEPENDENT AUDITORS' REPORT - CONTINUED

February 15, 2022

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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.

Erickson, Brown & Koster LLC

Colorado Springs, Colorado

February 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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 2021.

- 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, 2,037 instances of graffiti/sticker mitigation, more than 349 instances of spills/waste removal, nearly 7,944 removals of gum and cigarette butts, and 17 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.
- 132 banners were hung on light poles to promote nonprofit and civic events that benefit the community.
- BID maintained 137 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 5,740 miles walked or biked by security patrols providing resolution in conflictual situation, connecting people experiencing homelessness to resources and assisting the public with a variety of needs and questions. In 2021, the BID also held training in de-escalation techniques, attended by about 30 merchants and restaurateurs.
- Robertson's Landscaping installed new lights on the 400 block of North Tejon and installed stylish new banners promoting the unique attributes of downtown, creating a safer and more festive atmosphere.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 2021. Once again, the BID partnered with the Colorado Springs Downtown Development Authority (DDA) on Downtown marketing services, with the BID covering staffing/labor 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 2021, the BID sold 2,463 gift cards, representing over \$117,366 in total sales.
- Advertising and promotions designed to further engage the community with shopping, dining, and entertaining downtown. The BID devoted marketing resources to:
 - Printing of 100,000 downtown tourism maps distributed at tourist locations across the front range.
 - Growing the Discover Downtown Pass, a digital, mobile-friendly savings pass, to include offers from 83 downtown businesses utilized by more than 6,000 users.
 - Implemented two digital marketing campaigns delivering nearly two million online impressions, resulting in a 178% increase in subscribers to the Discover Downtown Pass and over 20,000 clicks to social media posts and our website.
 - Holiday advertising promoting Small Business Saturday, holiday shopping and dining, the annual Holiday Stroll and the new winter character stroll. 6,500 Holiday Discount Books featuring 60 businesses were distributed.
- The BID issued more than 20 press releases and assisted on connecting media inquiries to more than two dozen businesses, generating numerous media stories about downtown businesses, events, and activities (not including calendar listings), valued at more than \$100,000.
- The BID continued use of digital media in 2021, to include:
 - Twice-monthly dissemination of merchant e-newsletters to inform about marketing opportunities, street closures and other pertinent news.
 - Twice-monthly dissemination of downtown e-newsletters including general downtown updates, business openings, public meetings, new member announcements and other news to more than 10,000 subscribers.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

MARKETING AND PUBLIC RELATIONS - Continued

- More frequent engagement through social media including 19,900 Facebook followers, 14,300 Instagram followers and 8,700 Twitter followers.

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 the BID's finances using the economic resources measurement focus 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 the 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.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

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

Statement of Net Position			
Assets	2021	2020	Change
Cash, Cash Equivalents, and Investments	\$ 455,773	\$ 494,671	\$ (38,898)
Cash with County Treasurer	5,401	4,976	425
Property Tax Receivable	566,245	523,636	42,609
Accounts Receivable	11,452	11,624	(172)
Prepaid Expenses	18,712	18,993	(281)
Capital Assets Net of Accumulated Depreciation	14,697	18,071	(3,374)
Total Assets	\$ 1,072,280	\$ 1,071,971	\$ 309
Liabilities			
Accounts Payable and Other Accrued Expenses	\$ 13,000	\$ 40,744	\$ (27,744)
Total Liabilities	\$ 13,000	\$ 40,744	\$ (27,744)
Deferred Inflows of Financial Resources			
Unearned Tax Revenue	\$ 566,245	\$ 523,636	\$ 42,609
Total Deferred Inflows of Financial Resources	\$ 566,245	\$ 523,636	\$ 42,609
Net Position			
Invested in Capital Assets Net of Related Debt Restricted for Emergency	\$ 14,697	\$ 18,071	\$ (3,374)
	22,811	22,580	231
Unrestricted	455,527	466,940	(11,413)
Total Net Position	\$ 493,035	\$ 507,591	\$ (14,556)

ASSETS

Decrease in cash is due to an increase in public space management expenses and a decrease in grant income for power washing.

LIABILITIES

Accounts payable decrease is due to the timing of the receipt of a landscaping invoice in the prior year that resulted in higher payables. The current year's invoice was received and paid prior to year-end.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Comparative statements of activities and comments related to significant changes:

Statement of Activities			
	2021	2020	Change
Expenses			
Public Space Management	\$ 594,960	\$ 578,935	\$ 16,025
Marketing	115,144	113,154	1,990
Direct Overhead	50,272	48,388	1,884
Depreciation	8,016	8,740	(724)
Total Expenses	768,392	749,217	19,175
 Revenue			
Program Revenue	20,754	17,744	3,010
Contributions	150,000	165,000	(15,000)
General Revenue			
Property Tax	513,304	516,719	(3,415)
Specific Ownership Tax	66,784	61,719	5,065
Interest	2,994	3,882	(888)
Miscellaneous	-	252	(252)
Total Revenue	753,836	765,316	(11,480)
 Change in Net Position	 (14,556)	 16,099	 (30,655)
 Net Position			
Beginning of the Year	507,591	491,492	16,099
End of the Year	\$ 493,035	\$ 507,591	\$ (14,556)

PUBLIC SPACE MANAGEMENT

Public space management expenses increased due to the purchase of trash cans for the city.

REVENUE

Decrease in contributions is due to a lack of LART funding for power washing in 2021.

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Analysis of budgeted amounts:

	Budgeted Amounts		
	Original	Final	Difference
Expenditures			
Public Space Management	\$ 458,525	\$ 458,525	\$ -
Security	150,000	150,000	-
Marketing	107,050	107,050	-
Direct Overhead	51,373	51,373	-
Other Expenses	80,000	80,000	-
Total Expenses	846,948	846,948	-
Revenue			
Program Revenue	162,012	162,012	-
Net Expenditures	684,936	684,936	-
General Revenue			
Property Taxes	515,858	515,858	-
Specific Ownership Tax	52,084	52,084	-
Interest	4,000	4,000	-
Total General Revenue	571,942	571,942	-
Revenue over Expenditures	\$ (112,994)	\$ (112,994)	\$ -

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, 2021**

REVENUE

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	\$ 458,525	\$ 467,097	\$ (8,572)
Security	150,000	127,863	22,137
Marketing	107,050	115,144	(8,094)
Direct Overhead	51,373	50,272	1,101
Other Expenses	80,000	-	80,000
Capital Outlay	-	4,642	(4,642)
Total Expenditures	846,948	765,018	81,930
Revenue			
Program Revenue	162,012	170,754	8,742
General Revenue			
Property Taxes	515,858	513,304	(2,554)
Specific Ownership Tax	52,084	66,784	14,700
Interest	4,000	2,994	(1,006)
Total Revenue	733,954	753,836	19,882
Revenue Over Expenditures	\$ (112,994)	\$ (11,182)	\$ 101,812

EXPENDITURES

The capital outlay expense is due to the purchase of holiday 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, 2021**

	Governmental Activities
Assets	
Cash and Investments	\$ 455,773
Cash with County Treasurer	5,401
Property Tax Receivable	566,245
Accounts Receivable	11,452
Prepaid Expenses	18,712
Capital Assets Net of Accumulated Depreciation	14,697
Total Assets	\$ 1,072,280
 Liabilities	
Accounts Payable and Other Accrued Expenses	\$ 13,000
Total Liabilities	\$ 13,000
 Deferred Inflows of Financial Resources	
Unearned Tax Revenue	\$ 566,245
Total Deferred Inflows of Financial Resources	\$ 566,245
 Net Position	
Invested in Capital Assets Net of Related Debt	\$ 14,697
Restricted for Emergency	22,811
Unrestricted	455,527
Total Net Position	\$ 493,035

See Notes to Financial Statements

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Net Program Expense
Functions/Programs				
Governmental Activities				
Public Space Management	\$ 594,960	\$ 155,660	\$ -	\$ (439,300)
Marketing	115,144	15,094	-	(100,050)
Direct Overhead	50,272	-	-	(50,272)
Depreciation	8,016	-	-	(8,016)
	Total Governmental Activities	\$ 170,754	\$ -	(597,638)
General Revenues				
				513,304
				66,784
				2,994
				Total General Revenues
				583,082
				Change in Net Position
				(14,556)
				Net Position - Beginning
				507,591
				Net Position - Ending
				\$ 493,035

See Notes to Financial Statements

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2021**

ASSETS

Assets

Cash and Investments	\$	455,773
Cash with County Treasurer		5,401
Property Tax Receivable		566,245
Accounts Receivable		11,452
Prepaid Expenses		18,712
Total Assets	\$	<u>1,057,583</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable and Other Accrued Expenses	\$	13,000
Total Liabilities		<u>13,000</u>

Deferred Inflows of Financial Resources

Unearned Tax Revenue		566,245
Total Deferred Inflows of Financial Resources		<u>566,245</u>

Fund Balances

Nonspendable		18,712
Restricted for Emergency		22,811
Assigned		388,327
Unassigned		48,488
Total Fund Balances		<u>478,338</u>

Total Liabilities, Deferred Inflows of

Financial Resources, and Fund Balances	\$	<u>1,057,583</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, 2021**

Fund Balance per the Governmental Fund Balance Sheet \$ 478,338

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	144,805	
Accumulated Depreciation	(130,108)	
Net Capital Assets		14,697

Total Net Position - Governmental Activities \$ 493,035

**GREATER DOWNTOWN COLORADO SPRINGS
BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

Revenues

Charges for Services	\$	170,754
Property Tax		513,304
Specific Ownership Tax		66,784
Interest		2,994
Total Revenues		<u>753,836</u>

Expenditures

Public Space Management		467,097
Security		127,863
Marketing		115,144
Direct Overhead		50,272
Capital Outlay		4,642
Total Expenditures		<u>765,018</u>

Net Change in Fund Balance (11,182)

Fund Balance - Beginning 489,520

Fund Balance - Ending \$ 478,338

**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, 2021**

Net Change in Fund Balance - Governmental Funds \$ (11,182)

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	4,642	
Depreciation Expense	(8,016)	
Net Change	(3,374)	(3,374)

Total Net Change in Statement of Activities \$ (14,556)

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, 2021, 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, 2021 consist of the following:

Deposits with Financial Institutions	\$ 33,519
Investments	422,254
Total Cash and Investments	<u>\$ 455,773</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, 2021, the District's cash deposits had a bank balance of \$33,194, and a carrying balance of \$33,519.

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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST	Weighted Average Under 60 Days	\$ 422,254

COLOTRUST

At December 31, 2021, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an 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	\$ 140,163	\$ 4,642	\$ -	\$ 144,805
Less: Accumulated Depreciation	(122,092)	(8,016)	-	(130,108)
Government Activities				
Capital Assets Net	<u>\$ 18,071</u>	<u>\$ (3,374)</u>	<u>\$ -</u>	<u>\$ 14,697</u>

Depreciation expense for the year ended December 31, 2021, was \$8,016.

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

NOTE 3 – FUND BALANCE

As of December 31, 2021, fund balances are composed of the following amounts:

	<u>General Fund</u>
Nonspendable	
Prepaid Tile Inventory	\$ 5,207
Other Prepaid Expenses	13,505
	<u>18,712</u>
Restricted	
Emergency	22,811
Assigned	
Operating Reserve	388,327
Unassigned	<u>48,488</u>
Total Fund Balance	<u><u>\$ 478,338</u></u>

As required by a Colorado constitutional amendment (TABOR), the District has established an emergency reserve in the amount of \$22,811 as of December 31, 2021. This reserve represents 3% of the 2021 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.

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.

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

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, 2021. Terms of the agreement specify that the Downtown Partnership would manage and administer the District in accordance with the 2021 budget and operating plan. The District's expense under this agreement was \$211,147.

Effective January 1, 2022, the District entered into an agreement, similar to the above, for 2022 services. The District's expense under this agreement will be \$215,950.

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, 2021 was \$310,680.

Effective January 1, 2022, the District entered into a Contract for Service Agreement, similar to the one above for public space management and landscape services, for 2022 and 2023 services. The District's expense under this agreement will be \$325,044 annually.

The District entered into a Contract for Service Agreement with a company for a twelve-month period ending December 31, 2021, 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, 2021 was \$127,863.

Effective January 1, 2022, the District entered into a Contract for Service Agreement with a company for a twelve-month period ending December 31, 2022, 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 2021, 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 2022.

The District has evaluated subsequent events through the date of the auditors' report, the 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, 2021**

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public Space Management	\$ 458,525	\$ 458,525	\$ 467,097	\$ (8,572)
Security	150,000	150,000	127,863	22,137
Marketing	107,050	107,050	115,144	(8,094)
Direct Overhead	51,373	51,373	50,272	1,101
Other Expenses	80,000	80,000	-	80,000
Capital Outlay	-	-	4,642	(4,642)
Total Expenditures	846,948	846,948	765,018	81,930
Revenue				
Program Revenue	162,012	162,012	170,754	8,742
Net Expenditures	684,936	684,936	594,264	90,672
General Revenue				
Property Taxes	515,858	515,858	513,304	(2,554)
Specific Ownership Tax	52,084	52,084	66,784	14,700
Interest	4,000	4,000	2,994	(1,006)
Total General Revenue	571,942	571,942	583,082	11,140
Revenue over Expenditures	(112,994)	(112,994)	(11,182)	101,812
Beginning Fund Balance, January 1	489,520	489,520	489,520	-
Ending Fund Balance, December 31	\$ 376,526	\$ 376,526	\$ 478,338	\$ 101,812
GAAP Adjustments				
Revenue Over Expenditures - Budgetary Basis			\$ (11,182)	
Depreciation			(8,016)	
Capital Outlay			4,642	
Change in Net Position			\$ (14,556)	
GAAP Basis			\$ (14,556)	

See Notes to Required Supplemental Information

NOTES TO 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.

- 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.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted, and appropriations made by formal resolution.
- 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.
- 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.