

**INTERQUEST TOWN CENTER
BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Interquest Town Center 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 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 the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinions. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

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.

Supplementary 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.

Other Information

The other information, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BiggsKofford, P.C.

Colorado Springs, Colorado

March 7, 2022

BASIC FINANCIAL STATEMENTS

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 8,053
Cash and Investments - Restricted	912,660
Accounts Receivable - County Treasurer	715
Accounts Receivable - Public Improvement Fees	8,066
Property Taxes Receivable	170,749
Capital Assets, Not Being Depreciated	422,173
Capital Assets, Net	1,379,839
Total Assets	2,902,255
LIABILITIES	
Accounts Payable	8,943
Accrued Interest Payable	16,683
Noncurrent Liabilities	
Due in More Than One Year	2,974,783
Total Liabilities	3,000,409
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	170,749
Total Deferred Inflows of Resources	170,749
NET POSITION	
Net Investment in Capital Assets	214,175
Restricted For:	
Emergency Reserves	600
Debt Service	226,408
Unrestricted	(710,086)
Total Net Position	\$ (268,903)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenue (Expense) and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 44,654	\$ -	\$ -	\$ -	\$ (44,654)
Interest on Long-Term Debt and Related Costs	208,067	-	-	-	(208,067)
Total Government Activities	\$ 252,721	\$ -	\$ -	\$ -	(252,721)
GENERAL REVENUES					
Property Taxes					77,135
Specific Ownership Taxes					9,058
Public Improvement Fees					26,878
Net Investment Income					590
Total General Revenues					113,661
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(129,843)
NET POSITION - END OF YEAR					
					\$ (268,903)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 8,053	\$ -	\$ -	\$ 8,053
Cash and Investments - Restricted	600	236,420	675,640	912,660
Accounts Receivable - Public Improvement Fees	-	8,066	-	8,066
Accounts Receivable - County Treasurer	715	-	-	715
Property Taxes Receivable	18,972	151,777	-	170,749
Total Assets	\$ 28,340	\$ 396,263	\$ 675,640	\$ 1,100,243
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 7,548	\$ 1,395	\$ -	\$ 8,943
Total Liabilities	7,548	1,395	-	8,943
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	18,972	151,777	-	170,749
Total Deferred Inflows of Resources	18,972	151,777	-	170,749
FUND BALANCES				
Restricted for:				
Emergencies (TABOR)	600	-	-	600
Debt Service	-	243,091	-	243,091
Capital Projects	-	-	675,640	675,640
Assigned for:				
Subsequent Year's Expenditures	453	-	-	453
Unassigned	767	-	-	767
Total Fund Balances	1,820	243,091	675,640	920,551
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,340	\$ 396,263	\$ 675,640	

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.	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	(16,683)
Developer Advance Payable	(104,240)
Accrued Interest Payable - Developer Advances	(10,543)
Net Position of Governmental Activities	\$ (268,903)

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 8,571	\$ 68,564	\$ -	\$ 77,135
Specific Ownership Taxes	9,058	-	-	9,058
Public Improvement Fees	-	26,878	-	26,878
Net Investment Income	68	522	-	590
Total Revenues	<u>17,697</u>	<u>95,964</u>	<u>-</u>	<u>113,661</u>
EXPENDITURES				
Current:				
Accounting	19,292	-	175	19,467
Auditing	3,000	-	-	3,000
County Treasurer's Fees	130	1,036	-	1,166
Dues and Licenses	420	-	-	420
Insurance	2,721	-	-	2,721
Legal	14,552	-	-	14,552
Landscape Maintenance	935	-	-	935
Miscellaneous	-	25	-	25
Debt Service:				
PIF Collection Expense	-	1,647	-	1,647
Interest - Bonds	-	184,629	-	184,629
Capital Projects:				
Bond Issue Costs	-	-	721	721
Total Expenditures	<u>41,050</u>	<u>187,337</u>	<u>896</u>	<u>229,283</u>
EXCESS OF REVENUES OVER EXPENDITURES	(23,353)	(91,373)	(896)	(115,622)
OTHER FINANCING SOURCES				
Developer Advance	<u>24,572</u>	-	-	<u>24,572</u>
Total Other Financing Sources	<u>24,572</u>	-	-	<u>24,572</u>
NET CHANGE IN FUND BALANCES	1,219	(91,373)	(896)	(91,050)
Fund Balances - Beginning of Year	<u>601</u>	<u>334,464</u>	<u>676,536</u>	<u>1,011,601</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,820</u>	<u>\$ 243,091</u>	<u>\$ 675,640</u>	<u>\$ 920,551</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
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, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ (91,050)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases, and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advance	(24,572)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability	(7,781)
Accrued Interest on Bonds - Change in Liability	(15,657)

Change in Net Position of Governmental Activities	<u>\$ (139,060)</u>
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**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 8,571	\$ 8,571	\$ -
Specific Ownership Taxes	7,714	9,058	1,344
Net Investment Income	-	68	68
Total Revenues	<u>16,285</u>	<u>17,697</u>	<u>1,412</u>
EXPENDITURES			
Current:			
Accounting	21,000	19,292	1,708
Auditing	3,000	3,000	-
County Treasurer's Fees	129	130	(1)
Dues and Licenses	1,500	420	1,080
Insurance	1,000	2,721	(1,721)
Legal	20,000	14,552	5,448
Landscape Maintenance	7,500	935	6,565
Management	1,500	-	1,500
Miscellaneous	2,000	-	2,000
Utilities	5,000	-	5,000
Contingency	9,371	-	9,371
Total Expenditures	<u>72,000</u>	<u>41,050</u>	<u>30,950</u>
EXCESS OF REVENUES OVER EXPENDITURES	(55,715)	(23,353)	32,362
OTHER FINANCING SOURCES			
Developer Advances	55,815	24,572	(31,243)
Total Other Financing Sources	<u>55,815</u>	<u>24,572</u>	<u>(31,243)</u>
NET CHANGE IN FUND BALANCE	100	1,219	1,119
Fund Balance - Beginning of Year	<u>400</u>	<u>601</u>	<u>201</u>
FUND BALANCE - END OF YEAR	<u>\$ 500</u>	<u>\$ 1,820</u>	<u>\$ 1,320</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

The District amended its annual budget for the year ended December 31, 2021.

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 BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

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 BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 8,053
Cash and Investments - Restricted	<u>912,660</u>
	<u><u>\$ 920,713</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	<u><u>\$ 920,713</u></u>
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Deposits with Financial Institutions

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

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the District had a bank balance of \$920,713 and carrying balance of \$920,713.

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, 2021, the District had no investments.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Streets	\$ 957,666	\$ -	\$ -	\$ 957,666
Water	422,173	-	-	422,173
Total Capital Assets, Not Being Depreciated	1,379,839	-	-	1,379,839
Capital Assets, Being Depreciated:				
Sanitary Storm/Sewer	422,173	-	-	422,173
Total Capital Assets, Being Depreciated	422,173	-	-	422,173
Less Accumulated Depreciation For:				
Sanitary Storm/Sewer	-	7,036	-	7,036
Total Accumulated Depreciation	-	7,036	-	7,036
Total Capital Assets Being Depreciated, Net	422,173	(7,036)	-	415,137
Governmental Activities - Capital Assets, Net	<u>\$ 1,802,012</u>	<u>\$ (7,036)</u>	<u>\$ -</u>	<u>\$ 1,794,976</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 7,036
Total Depreciation Expense - Governmental Activities	<u>\$ 7,036</u>

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021:

	Balance at December 31, 2020	Additions	Retirements	Balance at December 31, 2021	Due Within One Year
Bonds Payable:					
Limited Tax G.O. Bonds					
Series 2020	\$ 2,860,000	\$ -	\$ -	\$ 2,860,000	\$ -
Bonds Payable Subtotal	2,860,000	-	-	2,860,000	-
Loans/Notes from Direct					
Borrowings/Direct Placements:					
Developer Advances					
Operations	51,566	24,572	-	76,138	-
Capital	28,102	-	-	28,102	-
Accrued Interest					
on Developer Advances					
Operations	2,737	5,546	-	8,283	-
Capital	25	2,235	-	2,260	-
Loans/Notes Payable Subtotal	82,430	32,353	-	114,783	-
Total Long Term Obligations	<u>\$ 2,942,430</u>	<u>\$ 32,353</u>	<u>\$ -</u>	<u>\$ 2,974,783</u>	<u>\$ -</u>

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, 2021, the adjusted maximum mill levy is 40.000 for debt service. For collection year 2021, the District levied 40.000 mills for debt service.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ending December 31,	Principal	Interest	Total
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
2027-2031	260,000	946,400	1,206,400
2032-2036	420,000	832,650	1,252,650
2037-2041	600,000	661,850	1,261,850
2042-2046	845,000	420,700	1,265,700
2047-2049	670,000	95,900	765,900
Total	<u>\$ 2,860,000</u>	<u>\$ 3,956,400</u>	<u>\$ 6,816,400</u>

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, 2021, 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 Assessment 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.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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 \$103,141 with accrued interest of \$11,642 as of December 31, 2021.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, 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, 2021, the District had net investment in capital assets calculated as follows:

The District has net position consisting of:

Net Investment in Capital Assets:

Capital Assets, Net	\$ 422,173
Cash Remaining in Capital Project Fund	675,640
Noncurrent Portion of Long-Term Obligations	<u>(883,638)</u>
Net Investment in Capital Assets	<u>\$ 214,175</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, 2021, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves (see Note 11)	\$ 600
Debt Service (see Note 5)	<u>226,408</u>
Total Restricted Net Position	<u>\$ 227,008</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 for capital 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.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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 BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 68,564	\$ 68,564	\$ 68,564	\$ -
Net Investment Income	3,600	522	522	-
Public Improvement Fees	15,500	26,878	26,878	-
Total Revenues	<u>87,664</u>	<u>95,964</u>	<u>95,964</u>	<u>-</u>
EXPENDITURES				
PIF Collection Expense	3,100	1,647	1,647	-
County Treasurer's Fees	1,028	1,036	1,036	-
Miscellaneous	-	25	25	-
Interest - Bonds	178,750	184,629	184,629	-
Paying Agent Fees	3,000	-	-	-
Total Expenditures	<u>185,878</u>	<u>187,337</u>	<u>187,337</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(98,214)	(91,373)	(91,373)	-
Fund Balance - Beginning of Year	<u>333,760</u>	<u>334,464</u>	<u>334,464</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 235,546</u></u>	<u><u>\$ 243,091</u></u>	<u><u>\$ 243,091</u></u>	<u><u>\$ -</u></u>

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Accounting	-	175	(175)
Bond Issue Costs	59,170	721	58,449
Organization	30,000	-	30,000
Capital Outlay	634,376	-	634,376
Contingency	10,000	-	10,000
Total Expenditures	<u>733,546</u>	<u>896</u>	<u>732,650</u>
NET CHANGE IN FUND BALANCE	(733,546)	(896)	732,650
Fund Balance - Beginning of Year	<u>733,546</u>	<u>676,536</u>	<u>(57,010)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 675,640</u></u>	<u><u>\$ 675,640</u></u>

OTHER INFORMATION

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$2,860,000 General Limited Obligation Bonds

Dated December 29, 2020

Interest Rate 7.0%

Principal Due December 1

Interest Payable Due June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Total	<u>\$ 2,860,000</u>	<u>\$ 3,956,400</u>	<u>\$ 6,816,400</u>

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 827,300	0.000	\$ -	\$ -	0.00%
2020	1,213,530	45.000	54,609	54,609	100.00%
2021	1,714,100	45.000	77,135	77,135	100.00%
Estimated for the Year Ending December 31, 2022	\$ 3,794,420	45.000	\$ 170,749		

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.