

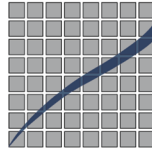
**BARNES & POWERS NORTH BID
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**BARNES & POWERS NORTH BID
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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Barnes & Powers North Business Improvement District

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Barnes & Powers North Business Improvement District ("District"), as of and for the year ended December 31, 2023, 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, 2023, 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 opinions.

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. Such 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

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
March 28, 2024

BASIC FINANCIAL STATEMENTS

**BARNES & POWERS NORTH BID
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 21,738
Cash and Investments - Restricted	98,191
Accounts Receivable - Intergovernmental from Barnes & Powers South BID	2,587
Accounts Receivable - County Treasurer	2,970
Property Taxes Receivable	431,559
Prepaid Expenses	4,068
Capital Assets, Net	<u>1,002,581</u>
Total Assets	<u>1,563,694</u>
LIABILITIES	
Accounts Payable	14,895
Accrued Interest Payable	14,923
Noncurrent Liabilities:	
Due Within One Year	140,000
Due in More Than One Year	<u>2,812,364</u>
Total Liabilities	<u>2,982,182</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>431,559</u>
Total Deferred Inflows of Resources	<u>431,559</u>
NET POSITION	
Net Investment in Capital Assets	(554,419)
Restricted For:	
Emergency Reserves	1,800
Debt Service	81,468
Unrestricted	<u>(1,378,896)</u>
Total Net Position	<u>\$ (1,850,047)</u>

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 143,806	\$ -	\$ 11,372	\$ (132,434)
Interest and Related Costs on Long-Term Debt	201,258	-	-	(201,258)
	<u>\$ 345,064</u>	<u>\$ -</u>	<u>\$ 11,372</u>	<u>(333,692)</u>
Total Governmental Activities				
GENERAL REVENUES				
Property Taxes				368,228
Specific Ownership Taxes				38,656
Net Investment Income				17,840
Total General Revenues				<u>424,724</u>
CHANGE IN NET POSITION				91,032
Net Position - Beginning of Year				<u>(1,941,079)</u>
NET POSITION - END OF YEAR				<u>\$ (1,850,047)</u>

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 21,738	\$ -	\$ 21,738
Cash and Investments - Restricted	1,800	96,391	98,191
Accounts Receivable - Intergovernmental from Barnes & Powers South BID	2,587	-	2,587
Accounts Receivable - County Treasurer	2,970	-	2,970
Property Taxes Receivable	8,625	422,934	431,559
Prepaid Expenses	4,068	-	4,068
	<u>\$ 41,788</u>	<u>\$ 519,325</u>	<u>\$ 561,113</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,895	\$ -	\$ 14,895
Total Liabilities	14,895	-	14,895
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	8,625	422,934	431,559
Total Deferred Inflows of Resources	8,625	422,934	431,559
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	4,068	-	4,068
Restricted For:			
Emergencies (TABOR)	1,800	-	1,800
Debt Service	-	96,391	96,391
Assigned To:			
Subsequent Year's Expenditures	14,469	-	14,469
Unassigned	(2,069)	-	(2,069)
Total Fund Balances	<u>18,268</u>	<u>96,391</u>	<u>114,659</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,788</u>	<u>\$ 519,325</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Net 1,002,581

Long-term liabilities, including Developer advances payable and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable (2,755,000)
Developer Advance Payable (124,657)
Accrued Interest Payable - Bonds (14,923)
Accrued Interest Payable - Developer Advance (72,707)

Net Position of Governmental Activities \$ (1,850,047)

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 7,365	\$ 360,863	\$ 368,228
Specific Ownership Taxes	38,656	-	38,656
Intergovernmental Revenue - Barnes & Powers South BID	11,372	-	11,372
Net Investment Income	1,222	16,618	17,840
Total Revenues	58,615	377,481	436,096
EXPENDITURES			
Current:			
Accounting	23,920	-	23,920
Auditing	8,650	-	8,650
County Treasurer's Fee	111	5,413	5,524
Dues and Licenses	563	-	563
Election Expense	2,890	-	2,890
Insurance and Bonds	3,864	-	3,864
District Management	20,047	-	20,047
Legal Services	13,096	-	13,096
Miscellaneous	323	-	323
Debt Service:			
Bond Interest	-	187,850	187,850
Bond Principal	-	135,000	135,000
Total Expenditures	73,464	328,263	401,727
NET CHANGE IN FUND BALANCES	(14,849)	49,218	34,369
Fund Balances - Beginning of Year	33,117	47,173	80,290
FUND BALANCES - END OF YEAR	\$ 18,268	\$ 96,391	\$ 114,659

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$	34,369
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure. However, the Statement of Activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:</p>		
Depreciation Expense		(70,342)
<p>The issuance of long-term debt (e.g., issuance of bonds, 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.</p>		
Principal Payment		135,000
<p>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.</p>		
Accrued Interest on Bonds - Change in Liability		731
Accrued Interest on Developer Advance - Change in Liability		(8,726)
		91,032
Change in Net Position of Governmental Activities	\$	91,032

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 7,383	\$ 7,383	\$ 7,365	\$ (18)
Specific Ownership Taxes	36,917	36,917	38,656	1,739
Intergovernmental Revenue - Barnes & Powers South BID	10,877	10,877	11,372	495
Net Investment Income	250	250	1,222	972
Total Revenues	<u>55,427</u>	<u>55,427</u>	<u>58,615</u>	<u>3,188</u>
EXPENDITURES				
Current:				
Accounting	25,000	25,000	23,920	1,080
Auditing	8,000	8,650	8,650	-
County Treasurer's Fee	111	111	111	-
Dues and Licenses	750	750	563	187
Insurance and Bonds	4,000	4,000	3,864	136
District Management	10,000	21,000	20,047	953
Legal Services	7,500	12,500	13,096	(596)
Miscellaneous	500	500	323	177
Repay Developer Advances	5,000	-	-	-
Election expense	5,000	5,000	2,890	2,110
Contingency	4,139	2,489	-	2,489
Total Expenditures	<u>70,000</u>	<u>80,000</u>	<u>73,464</u>	<u>6,536</u>
NET CHANGE IN FUND BALANCE	(14,573)	(24,573)	(14,849)	9,724
Fund Balance - Beginning of Year	<u>21,640</u>	<u>33,117</u>	<u>33,117</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,067</u>	<u>\$ 8,544</u>	<u>\$ 18,268</u>	<u>\$ 9,724</u>

See accompanying Notes to Basic Financial Statements.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Barnes & Powers North BID(the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on April 27, 2004, 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 parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

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 and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 has 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 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 general obligation debt of the governmental funds.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023.

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 inflow 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.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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:

Parking	30 Years
Water	30 Years
Sanitary Storm/Sewer	30 Years

Deferred Inflows 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.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 21,738
Cash and Investments - Restricted	98,191
Total Cash and Investments	\$ 119,929

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 14,615
Investments	105,314
Total Cash and Investments	\$ 119,929

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.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District's cash deposits had a bank balance and carrying balance of \$14,615.

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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 105,314

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance - December 31, 2022	Increases	Decreases	Balance - December 31, 2023
Capital Assets, Being Depreciated:				
Parking	\$ 1,707,975	\$ -	\$ -	\$ 1,707,975
Water	252,314	-	-	252,314
Sanitary Storm/Sewer	150,000	-	-	150,000
Total Capital Assets, Being Depreciated	2,110,289	-	-	2,110,289
Less Accumulated Depreciation For:				
Parking	(829,301)	(56,932)	-	(886,233)
Water	(130,490)	(8,410)	-	(138,900)
Sanitary Storm/Sewer	(77,575)	(5,000)	-	(82,575)
Total Accumulated Depreciation	(1,037,366)	(70,342)	-	(1,107,708)
Capital Assets, Net	\$ 1,072,923	\$ (70,342)	\$ -	\$ 1,002,581

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

Governmental Activities:	
General Government	\$ 70,342
Total Depreciation Expense - Governmental Activities	\$ 70,342

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance - December 31, 2022	Additions	Retirements	Balance - December 31, 2023	Due Within One Year
Governmental					
Activities:					
Bonds Payable:					
Series 2007 G.O. Bonds	\$ 2,890,000	\$ -	\$ 135,000	\$ 2,755,000	\$ 140,000
Bond Payable					
Subtotal	2,890,000	-	135,000	2,755,000	140,000
Notes/Loans/Bonds from					
Direct Borrowings and					
Direct Placements:					
Developer Advances	124,657	-	-	124,657	-
Interest on Developer					
Advances	63,981	8,726	-	72,707	-
Loans and Notes					
Payable Subtotal	188,638	8,726	-	197,364	-
Total Long-Term					
Obligations	<u>\$ 3,078,638</u>	<u>\$ 8,726</u>	<u>\$ 135,000</u>	<u>\$ 2,952,364</u>	<u>\$ 140,000</u>

\$4,000,000 General Obligation Limited Tax Bonds, Series 2007

On June 27, 2007, the District issued General Obligation Limited Tax Bonds (bonds), dated June 27, 2007, in the amount of \$4,000,000. The bonds, due December 1, 2036, have an interest rate of 6.5%, payable annually on December 1. The bonds are subject to redemption prior to maturity, at the option of the District, on any date, without redemption premium. The proceeds of the bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution;
- ii. the District defaults in the performance of any other of its material covenants in this Bond Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$4,000,000 General Obligation Limited Tax Bonds, Series 2007 (Continued)

Events of Default for the Bonds (Continued)

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an event of Default under the Indenture.

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2023, the District was not in default.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 140,000	\$ 179,075	\$ 319,075
2025	150,000	169,975	319,975
2026	160,000	160,225	320,225
2027	170,000	149,825	319,825
2028	180,000	138,775	318,775
2029-2033	1,105,000	500,825	1,605,825
2034-2036	850,000	112,775	962,775
Total	<u>\$ 2,755,000</u>	<u>\$ 1,411,475</u>	<u>\$ 4,166,475</u>

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$11,700,000 at an interest rate not to exceed 12% per annum. On November 1, 2005, the District's electors authorized additional indebtedness of \$600,000 at an interest rate not to exceed 12% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 4, 2004 Election	Authorized November 1, 2005 Election	Authorization Used, Series 2007 Bonds	Remaining at December 31, 2023
Streets	\$ 2,600,000	\$ -	\$ 1,848,000	\$ 752,000
Parking Facilities	2,600,000	-	1,700,000	900,000
Water	-	450,000	302,000	148,000
Sanitary Sewer and Storm Drainage	-	150,000	150,000	-
Refunding of Debt	6,500,000	-	-	6,500,000
Total	<u>\$ 11,700,000</u>	<u>\$ 600,000</u>	<u>\$ 4,000,000</u>	<u>\$ 8,300,000</u>

As set forth in the District's 2007 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$4,950,000, without further approval by the City.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

Reimbursement Agreement - Operating

On December 31, 2006, the District entered into a Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 7% on the first day of the following year in which the advances were made. As of December 31, 2023, outstanding Developer advances under the agreement totaled \$124,657 and accrued interest totaled \$72,707.

Facilities Funding and Reimbursement Agreement

On February 22, 2017, the District entered into a Facilities Funding and Reimbursement Agreement to repay advances made by the Developer for capital infrastructure costs. The District agreed to repay the Developer for such capital advances plus accrued interest at the rate of 8%. As of December 31, 2023 there are no outstanding Developer advances under the agreement.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,002,581
Current Portion of Long-Term Obligations	(78,522)
Noncurrent Portion of Long-Term Obligations	<u>(1,478,478)</u>
Net Investment in Capital Assets	<u><u>\$ (554,419)</u></u>

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023, as follows:

Restricted Net Position:	
Emergencies	\$ 1,800
Debt Service	<u>81,468</u>
Total Restricted Net Position	<u><u>\$ 83,268</u></u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Nor'wood Development Group. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS AND COMMITMENTS

On November 30, 2011, the District entered into an Intergovernmental Agreement for Operations Cost Sharing (IGA) with Barnes & Powers South Business Improvement District. The Operations and Maintenance Costs will be cooperatively funded by the Districts pursuant to this IGA. Pursuant to the IGA, the general operational costs of the Districts include accounting, legal, management and other consultant or administrative costs. Operational and maintenance costs will not include infrastructure construction costs, costs of issuance, or bond repayment obligations of the individual Districts.

**BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 AGREEMENTS AND COMMITMENTS (CONTINUED)

Each District agreed to impose 1.000 mill upon all property within its boundaries for the duration of this IGA. If either of the Districts will not impose the 1.000 mill for any reason in any year, this IGA may be terminated by the other District without recourse or penalty. Upon receipt of the funds from the 1.000 mill, Barnes & Powers South Business Improvement District will transfer the total amount of its operational mill levy receipts to Barnes & Powers North Business Improvement District.

Ground Lease

On January 28, 2014, the District entered into a lease agreement with Barnes & Powers North, No. 1, LLC, to lease an area within the Demised Premises, for the purpose of public parking, traffic and pedestrian circulation areas, landscaping, utilities, signage, drainage, sidewalks, pedestrian ways, public art, shelters, bus stops, ramps and curbs, and other similar facilities and for public events, festivals, recreation, concerts, and other public uses and services. This agreement does not represent a multi-fiscal year obligation and renews annually at the option of the District at the rate of \$120 per year upon appropriation in the District's annual budget.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the 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 liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

BARNES & POWERS NORTH BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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.

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.

On May 4, 2004, the District's voters authorized the District to increase property taxes \$15,000 annually, at a mill levy rate not to exceed one mill for general operations and maintenance. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

SUPPLEMENTARY INFORMATION

**BARNES & POWERS NORTH BID
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 361,785	\$ 360,863	\$ (922)
Interest Income	1,000	16,618	15,618
Total Revenues	<u>362,785</u>	<u>377,481</u>	<u>14,696</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	5,427	5,413	14
Capital Outlay:			
Bond Interest	187,850	187,850	-
Bond Principal	135,000	135,000	-
Contingency	3,834	-	3,834
Total Expenditures	<u>332,111</u>	<u>328,263</u>	<u>3,848</u>
NET CHANGE IN FUND BALANCE	30,674	49,218	18,544
Fund Balance - Beginning of Year	<u>8,458</u>	<u>47,173</u>	<u>38,715</u>
FUND BALANCE - END OF YEAR	<u>\$ 39,132</u>	<u>\$ 96,391</u>	<u>\$ 57,259</u>

OTHER INFORMATION

BARNES & POWERS NORTH BID
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$4,000,000 General Obligation Bonds
Dated June 27, 2007
Interest Rate 6.5%
Principal Due December 1
Interest Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 140,000	\$ 179,075	\$ 319,075
2025	150,000	169,975	319,975
2026	160,000	160,225	320,225
2027	170,000	149,825	319,825
2028	180,000	138,775	318,775
2029	195,000	127,075	322,075
2030	205,000	114,400	319,400
2031	220,000	101,075	321,075
2032	235,000	86,775	321,775
2033	250,000	71,500	321,500
2034	265,000	55,250	320,250
2035	285,000	38,025	323,025
2036	300,000	19,500	319,500
Total	<u>\$ 2,755,000</u>	<u>\$ 1,411,475</u>	<u>\$ 4,166,475</u>

BARNES & POWERS NORTH BID
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

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	\$ 6,808,510	50.000	\$ 340,425	\$ 340,426	100.00 %
2020	6,978,150	50.000	348,907	344,969	98.87
2021	6,666,780	50.000	333,339	333,455	100.03
2022	7,396,080	50.000	369,804	370,125	100.09
2023	7,383,360	50.000	369,168	368,228	99.75
Estimated for the Year Ending December 31, 2024	\$ 8,245,450	52.339	\$ 431,559		

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 assessment.