

**INTERQUEST NORTH BUSINESS
IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Interquest 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 Interquest 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
April 30, 2024

BASIC FINANCIAL STATEMENTS

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 180,981
Cash and Investments - Restricted	7,495,890
Receivable - County Treasurer	4,706
Receivable - PIF	363,623
Prepaid Insurance	2,945
Property Taxes Receivable	657,349
Capital Assets, Net	18,259,793
Total Assets	26,965,287
LIABILITIES	
Accounts Payable	463,693
Accrued Interest Payable	141,689
Noncurrent Liabilities:	
Due Within One Year	313,000
Due in More Than One Year	23,610,074
Total Liabilities	24,528,456
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	657,349
Total Deferred Inflows of Resources	657,349
NET POSITION	
Net Investment in Capital Assets	(2,795,641)
Restricted for:	
Emergency Reserves	3,300
Debt Service	7,705,874
Unrestricted	(3,134,051)
Total Net Position	\$ 1,779,482

See accompanying Notes to Basic Financial Statements.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,382,013	\$ -	\$ -	-	\$ (1,382,013)
Public Works - Transfer of Capital Improvements to Other Governments	247,900	-	-	-	(247,900)
Interest on Long-Term Debt and Related Costs	<u>1,768,282</u>	-	-	-	<u>(1,768,282)</u>
Total Governmental Activities	<u>\$ 3,398,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,398,195)</u>
GENERAL REVENUES					
Property Taxes					599,353
Specific Ownership Taxes					61,279
Public Improvement Fees					2,944,491
Net Investment Income					401,507
Other Revenue					302
Total General Revenues					<u>4,006,932</u>
CHANGE IN NET POSITION					608,737
Net Position - Beginning of Year					<u>1,170,745</u>
NET POSITION - END OF YEAR					<u>\$ 1,779,482</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 180,981	\$ -	\$ -	\$ 180,981
Cash and Investments - Restricted	3,300	7,483,940	8,650	7,495,890
Accounts Receivable - County Treasurer	4,706	-	-	4,706
Receivable - PIF	-	363,623	-	363,623
Prepaid Insurance	2,945	-	-	2,945
Property Taxes Receivable	52,473	604,876	-	657,349
Total Assets	\$ 244,405	\$ 8,452,439	\$ 8,650	\$ 8,705,494
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 458,146	\$ -	\$ 5,547	\$ 463,693
Total Liabilities	458,146	-	5,547	463,693
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	52,473	604,876	-	657,349
Total Deferred Inflows of Resources	52,473	604,876	-	657,349
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	2,945	-	-	2,945
Restricted for:				
Emergency Reserves (TABOR)	3,300	-	-	3,300
Debt Service	-	7,847,563	-	7,847,563
Capital Projects	-	-	3,103	3,103
Unassigned	(272,459)	-	-	(272,459)
Total Fund Balances	(266,214)	7,847,563	3,103	7,584,452
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 244,405	\$ 8,452,439	\$ 8,650	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.				
Capital Assets, Net				18,259,793
Long-term liabilities, including bonds payable and Developer advance payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.				
Bonds Payable				(23,472,000)
Accrued Interest Payable - Bonds				(141,689)
Developer Advance				(310)
Accrued Interest Payable - Developer Advance				(450,764)
Net Position of Governmental Activities				\$ 1,779,482

See accompanying Notes to Basic Financial Statements.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 33,297	\$ 566,056	\$ -	\$ 599,353
Specific Ownership Taxes	61,279	-	-	61,279
Public Improvement Fees	-	2,944,491	-	2,944,491
Net Investment Income	11,790	388,066	1,651	401,507
Other Revenue	302	-	-	302
Total Revenues	<u>106,668</u>	<u>3,898,613</u>	<u>1,651</u>	<u>4,006,932</u>
EXPENDITURES				
Current:				
Accounting	32,156	-	-	32,156
Auditing	4,650	-	-	4,650
Engineering	-	-	1,500	1,500
County Treasurer's Fee	501	8,515	-	9,016
PIF Collection Expense	12,836	-	-	12,836
Dues and Licenses	30	-	-	30
Insurance and Bonds	2,527	-	-	2,527
District Management	39,266	-	-	39,266
Legal Services	239,960	-	5,547	245,507
Miscellaneous	6,083	-	-	6,083
Election Expense	14,568	-	-	14,568
Ground Lease	200	-	-	200
Operations and Maintenance	276,725	-	-	276,725
Debt Service:				
PIF Rebate	-	61,165	-	61,165
Bond Principal	-	185,000	-	185,000
Bond Interest	-	1,313,350	-	1,313,350
Capital Projects:				
Bond Issue Costs	-	-	40,000	40,000
Capital Outlay	-	-	5,742,381	5,742,381
Total Expenditures	<u>629,502</u>	<u>1,568,030</u>	<u>5,789,428</u>	<u>7,986,960</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(522,834)</u>	<u>2,330,583</u>	<u>(5,787,777)</u>	<u>(3,980,028)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	5,742,000	5,742,000
Developer Advances	-	-	5,742,381	5,742,381
Repayment of Developer Advance - Principal	-	-	(5,742,381)	(5,742,381)
Transfers from Other Funds	290,000	(308,215)	18,215	-
Total Other Financing Sources (Uses)	<u>290,000</u>	<u>(308,215)</u>	<u>5,760,215</u>	<u>5,742,000</u>
NET CHANGE IN FUND BALANCES	(232,834)	2,022,368	(27,562)	1,761,972
Fund Balances (Deficit) - Beginning of Year	<u>(33,380)</u>	<u>5,825,195</u>	<u>30,665</u>	<u>5,822,480</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (266,214)</u>	<u>\$ 7,847,563</u>	<u>\$ 3,103</u>	<u>\$ 7,584,452</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST NORTH 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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 1,761,972

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

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

Capital Outlay	5,742,381
Dedication of Capital Improvements to Other Governments	(247,900)
Depreciation Expense	(705,464)

The issuance of long-term debt (e.g., bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond Issuance	(5,742,000)
Developer Advance	(5,742,381)
Repayment of Developer Advance - Principal	5,742,381
Bond Principal Payment	185,000

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 Bonds Payable - Change in Liability	(32,243)
Accrued Interest on Developer Advances - Change in Liability	(353,009)

Change in Net Position of Governmental Activities \$ 608,737

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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	\$ 32,518	\$ 33,297	\$ 33,297	\$ -
Specific Ownership Taxes	58,533	61,279	61,279	-
Net Investment Income	1,000	11,791	11,790	(1)
Other Revenue	-	317,000	302	(316,698)
Total Revenues	<u>92,051</u>	<u>423,367</u>	<u>106,668</u>	<u>(316,699)</u>
EXPENDITURES				
General and Administrative:				
Accounting	34,500	32,156	32,156	-
Auditing	5,000	4,650	4,650	-
County Treasurer's Fee	488	501	501	-
PIF Collection Expense	25,000	12,836	12,836	-
Dues and Licenses	2,000	30	30	-
Insurance and Bonds	3,000	2,527	2,527	-
District Management	25,000	39,266	39,266	-
Legal Services	50,000	253,505	239,960	13,545
Miscellaneous	5,000	8,236	6,083	2,153
Election Expense	10,000	14,568	14,568	-
Ground Lease	-	-	200	(200)
Contingency	5,808	-	-	-
Operations and Maintenance:				
Landscaping Maintenance	32,167	40,790	40,790	-
Repairs and Maintenance	33,612	62,824	62,824	-
Security	20,409	49,211	49,211	-
Water - Non Utilities	5,156	6,986	6,986	-
Engineering	-	-	-	-
Capital Reserve	35,140	33,267	33,267	-
Marketing	11,069	13,550	13,550	-
Other Grounds Expense	14,437	13,060	13,060	-
Signage	1,041	650	650	-
Electricity	3,456	7,676	7,676	-
Management Staff	6,586	8,108	8,108	-
Snow Removal	22,613	37,591	37,591	-
Stormwater	3,518	3,012	3,012	-
Total Expenditures	<u>355,000</u>	<u>645,000</u>	<u>629,502</u>	<u>15,498</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(262,949)	(221,633)	(522,834)	(301,201)
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds	(9,500)	-	-	-
Transfers from Other Funds	170,000	290,000	290,000	-
Total Other Financing Sources (Uses)	<u>160,500</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(102,449)	68,367	(232,834)	(301,201)
Fund Balance (Deficit) - Beginning of Year	<u>116,496</u>	<u>(33,380)</u>	<u>(33,380)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 14,047</u>	<u>\$ 34,987</u>	<u>\$ (266,214)</u>	<u>\$ (301,201)</u>

See accompanying Notes to Basic Financial Statements.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Interquest North Business Improvement District (the District), a quasi-municipal corporation was organized by ordinance of the city of Colorado Springs (the City) on October 26, 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.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources is reported as net position.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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 revenues susceptible to accrual are property taxes and public improvement fees (PIF). 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 NORTH BUSINESS IMPROVEMENT DISTRICT
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 has 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets), 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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 following estimated economic useful lives:

Streets	30 Years
Storm Drainage	30 Years
Parks and Recreation	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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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

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

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

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of transfers from other funds in 2024.

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	\$ 180,981
Cash and Investments - Restricted	7,495,890
Total Cash and Investments	\$ 7,676,871

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

Deposits with Financial Institutions	\$ 20,867
Investments	7,656,004
Total Cash and Investments	\$ 7,676,871

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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 of \$20,867 and a carrying balance of \$20,867.

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 and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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	<u>\$ 7,656,004</u>

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 AAaf/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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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 at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Water	\$ -	\$ 247,900	\$ 247,900	\$ -
Total Capital Assets, Not Being Depreciated	-	247,900	247,900	-
Capital Assets, Being Depreciated:				
Streets	14,640,645	4,393,620	-	19,034,265
Storm Drainage	2,225,257	971,817	-	3,197,074
Park and Recreation	534,690	129,044	-	663,734
Total Capital Assets, Being Depreciated	17,400,592	5,494,481	-	22,895,073
Less Accumulated Depreciation for:				
Streets	(3,651,627)	(588,332)	-	(4,239,959)
Storm Drainage	(246,010)	(96,363)	-	(342,373)
Park and Recreation	(32,179)	(20,769)	-	(52,948)
Total Accumulated Depreciation	(3,929,816)	(705,464)	-	(4,635,280)
Total Capital Assets Being Depreciated, Net	13,470,776	5,036,917	-	18,259,793
Capital Assets, Net	<u>\$ 13,470,776</u>	<u>\$ 5,284,817</u>	<u>\$ 247,900</u>	<u>\$ 18,259,793</u>

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

Governmental Activities:	
General Government	\$ 705,464
Total Depreciation Expense - Governmental Activities	<u>\$ 705,464</u>

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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 at December 31, 2022	Additions	Retirements	Balance at December 31, 2023	Due Within One Year
Series 2010 General Obligation Bonds	\$ 5,475,000	\$ -	\$ 150,000	\$ 5,325,000	\$ 165,000
Series 2016 General Obligation Bonds	4,565,000	-	35,000	4,530,000	40,000
Series 2020 General Obligation Bonds	7,875,000	5,742,000	-	13,617,000	108,000
Developer Advances	310	5,742,381	5,742,381	310	-
Interest on Developer Advances	97,755	353,009	-	450,764	-
Total	<u>\$ 18,013,065</u>	<u>\$ 11,837,390</u>	<u>\$ 5,927,381</u>	<u>\$ 23,923,074</u>	<u>\$ 313,000</u>

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

\$6,500,000 Limited Tax General Obligation Bonds, Series 2010

On December 3, 2010, the District issued \$6,500,000 in Limited Tax General Obligation Bonds (Series 2010 Bonds) dated December 3, 2010, for street improvements. The Series 2010 Bonds bear interest at a rate of 8.5% and are due December 1, 2040. Bond interest and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound on December 1 of each year. The Series 2010 Bonds are subject to redemption prior to maturity, at the option of the District, without redemption premium.

\$4,765,000 Series Limited Tax General Obligation Bonds, Series 2016

On June 8, 2016, the District issued \$4,765,000 in Limited Tax General Obligation Bonds (Series 2016 Bonds). The Series 2016 Bonds mature on December 1, 2045, and bear an interest rate of 6.5% paid annually on December 1, with an optional call date on December 1, 2025. The first principal and interest payments are due on December 1, 2016. The proceeds from the Series 2016 Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

\$13,735,000 Series Limited Tax General Obligation Bonds, Series 2020

On September 15, 2020, the District issued \$13,735,000 in Limited Tax General Obligation Bonds (Series 2020 Bonds). The Series 2020 Bonds mature on December 1, 2049, and bear an interest rate of 7.00% paid annually on December 1, with an optional call date on December 1, 2024. The Series 2020 Bonds will have a multi-tranche structure to finance construction of the public improvements over the course of the development, whereby the District made its first draw on September 15, 2020, in the amount of \$1,535,000, the second draw on April 29, 2021, in the amount of \$4,659,000, the third draw on May 5, 2021, in the amount of \$1,681,000, and the fourth and final draw on April 25, 2023, in the amount of \$5,742,000. The first interest payments are due on December 1, 2020, and first principal payment due on December 1, 2024. The proceeds from the Series 2020 Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$13,735,000 Series Limited Tax General Obligation Bonds, Series 2020 (Continued)

The Series 2010 Bonds, the Series 2016 Bonds and the Series 2020 Bonds are secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the PIF Revenue, and 3) any other legally available monies that the District determines to be treated as Pledged Revenue. 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 maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2023, the adjusted maximum mill levy is 50.000 for debt service. For collection year 2023, the District levied 50.000 mills for debt service. PIF Revenue means the revenue derived from the imposition of the PIF and payable to the District pursuant to the PIF Covenant.

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 or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- 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.

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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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	\$ 313,000	\$ 1,700,265	\$ 2,013,265
2025	337,000	1,676,080	2,013,080
2026	363,000	1,649,990	2,012,990
2027	391,000	1,621,880	2,012,880
2028	422,000	1,591,585	2,013,585
2029-2033	2,653,000	7,412,815	10,065,815
2034-2038	3,854,000	6,210,990	10,064,990
2039-2043	5,536,000	4,530,035	10,066,035
2044-2048	7,722,000	2,342,110	10,064,110
2049	1,881,000	131,670	2,012,670
Total	<u>\$ 23,472,000</u>	<u>\$ 28,867,420</u>	<u>\$ 52,339,420</u>

Authorized Debt

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$9,900,000 at an interest rate not to exceed 12% per annum. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,100,000 at an interest rate not to exceed 12% per annum. On November 6, 2018, the District's electors authorized additional indebtedness of \$225,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 2, 2004 Election	Authorized November 1, 2005 Election	Authorized November 6, 2018 Election	Authorization Used - Series 2010 Bonds	Authorization Used - Series 2016 Bonds	Authorization Used - Series 2020 Bonds	Remaining at December 31, 2023
Streets	\$ 9,900,000	\$ -	\$ 25,000,000	\$ 6,500,000	\$ 2,639,900	\$ 9,185,893	\$ 16,574,207
Water	-	2,500,000	25,000,000	-	1,525,100	1,168,228	24,806,672
Storm Drainage	-	600,000	25,000,000	-	600,000	2,597,074	22,402,926
Traffic and Safety	-	-	25,000,000	-	-	-	25,000,000
Parks and Recreation	-	-	25,000,000	-	-	665,805	24,334,195
Security	-	-	25,000,000	-	-	-	25,000,000
Operations and Maintenance	-	-	25,000,000	-	-	-	25,000,000
Refunding Debt	-	-	25,000,000	-	-	-	25,000,000
Reimbursement Agreements	-	-	25,000,000	-	-	-	25,000,000
Total	<u>\$ 9,900,000</u>	<u>\$ 3,100,000</u>	<u>\$ 225,000,000</u>	<u>\$ 6,500,000</u>	<u>\$ 4,765,000</u>	<u>\$ 13,617,000</u>	<u>\$ 213,118,000</u>

Per approval of the City Council on October 23, 2018 the City has increased the amount of debt to be issued by the District from \$13,000,000 to a total of \$25,000,000, without future approval by the City.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The District entered into a Facilities Funding and Reimbursement Agreement (Agreement) with the Developer (see Note 7). The District agrees to repay the Developer along with accrued interest, at a rate of 7% on the first day of the following year in which the advances were made. The Agreement does not constitute a multiple-fiscal year obligation.

During 2010, an independent engineer certified \$12,427,631 of public improvements constructed by the Developer on behalf of the District. The principal amount of these improvements was recorded by the District as bonds were issued. During 2016, an independent engineer certified \$866,756 of public improvements constructed by the Developer on behalf of the District. The accrued interest associated with these improvements was recognized by the District. During 2019, an independent engineer certified \$1,480,019 of public improvements constructed by the Developer on behalf of the District. During 2021, an independent engineer certified \$6,340,310 of public improvements constructed by the Developer on behalf of the District. In 2021, the District repaid \$6,340,000 of outstanding Developer advances, comprised of \$6,340,000 in principal and \$-0- in accrued interest. As of December 31, 2023, outstanding Developer advances totaled \$310 and accumulated accrued interest totaled \$450,764.

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 balances of bonds, mortgages, notes, or other borrowings 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	\$ 18,259,793
Current Portion of Outstanding Long-Term Obligations	(280,771)
Noncurrent Portion of Outstanding Long-Term Obligations	<u>(20,774,663)</u>
Net Investment in Capital Assets	<u>\$ (2,795,641)</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:	
Emergency Reserves	\$ 3,300
Debt Service	<u>7,705,874</u>
Total Restricted Net Position	<u>\$ 7,709,174</u>

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of developer advances (and accrued interest on those advances) and bonds issued for public improvements, some of which have been transferred to other governmental entities for ownership and maintenance.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District are Nor'wood Development Group; IQ MOB, LLC; DDJ No. 3; North Hotel Partners, LLC; Drury Colorado Springs, LLC; Interquest Marketplace No. 1, LLC; Interquest Marketplace No. 2, LLC; Interquest Marketplace No. 3, LLC; Interquest Marketplace No. 4, LLC; Interquest Marketplace No. 5, LLC; Interquest Marketplace No. 6, LLC; Interquest Marketplace No. 7, LLC; Interquest Marketplace No. 8, LLC; Interquest Marketplace No. 9, LLC; Interquest Marketplace No. 10, LLC; Interquest Marketplace No. 11, LLC; Interquest Marketplace No. 12, LLC; and Interquest Marketplace No. 13, LLC. 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 INTERFUND TRANSFERS

The transfer from the Debt Service Fund to General Fund and Capital Projects Fund was to pay for certain operations and maintenance and capital expenditures.

NOTE 9 AGREEMENTS AND COMMITMENTS

Interquest Marketplace Public Improvement Fee Covenant Agreement

On March 7, 2008, Interquest North LLC and Interquest Marketplace LLC entered into an agreement that authorized the Declaration of Covenants imposing and implementing the Interquest Marketplace Public Improvement Fee, naming the District as the collection agent and the recipient of such fees. The PIF, in the amount of 1.25%, is imposed on certain retail sales transactions occurring within the Interquest Marketplace PIF property area, upon which a sales tax would be payable to the State pursuant to the provisions of the State Sales Tax Statutes. The collection of the PIF revenues will be used by the District for the repayment of public improvement costs, as may be required to fulfill any bond requirements. During 2023, the District recorded \$2,944,491 in PIF revenue.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 AGREEMENTS AND COMMITMENTS (CONTINUED)

Ground Lease

On December 1, 2010, the District entered into a lease agreement with Interquest Marketplace 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 \$100 per year upon appropriation in the District's annual budget. The lease agreement will expire on December 31, 2050.

Maintenance Agreement

On May 27, 2020, the District entered into a Maintenance Agreement (Agreement) with Nor'wood Limited, Inc (Company). The Parties agree that the Company shall undertake to perform all maintenance responsibilities on behalf of the District for the District Property pursuant to this Agreement. The District shall pay the Company an annual lump-sum payment in an amount to be determined based upon a percentage allocation of the maintenance services attributable to the District Property as compared to maintenance provided by Company to private improvements and common areas within the District. The District agrees to remit the annual payment amount within thirty (30) calendar days following receipt of a written invoice detailing the annual payment amount. The Parties may terminate this Agreement for convenience or for cause, in whole or in part, by written notice of termination given to the Company at least thirty (30) calendar days prior to the effective date of such termination. As of December 31, 2023, \$273,040 was due the Company and is included in accounts payable.

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 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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

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 November 6, 2018, the District's voters authorized the District to increase property taxes \$25,000,000 annually, adjusted for inflation plus annual local growth in each subsequent fiscal year thereafter, 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).

NOTE 12 LITIGATION

There is a lawsuit pending in which the District is involved. District management and its legal counsel estimate that the potential claims, if any, against the District not covered by insurance resulting from such litigation would be insignificant.

On February 15, 2024, a settlement agreement regarding costs and attorney fees were entered between the District and plaintiffs. In consideration for the mutual releases set forth in this agreement, the District shall pay the plaintiffs the sum of \$143,455 not later than February 28, 2024.

SUPPLEMENTARY INFORMATION

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
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	\$ 552,807	\$ 566,056	\$ 13,249
Public Improvement Fees	2,500,000	2,944,491	444,491
Net Investment Income	70,000	388,066	318,066
Total Revenues	<u>3,122,807</u>	<u>3,898,613</u>	<u>775,806</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	8,292	8,515	(223)
PIF Rebate	-	61,165	(61,165)
Bond Interest - 2010 Series	465,375	465,375	-
Bond Interest - 2016 Series	296,725	296,725	-
Bond Interest - 2020 Series	826,583	551,250	275,333
Bond Principal - 2010 Series	150,000	150,000	-
Bond Principal - 2016 Series	35,000	35,000	-
Contingency	262,290	-	262,290
Total Expenditures	<u>2,044,265</u>	<u>1,568,030</u>	<u>476,235</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,078,542	2,330,583	1,252,041
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(1,170,310)	(308,215)	862,095
Total Other Financing Sources (Uses)	<u>(1,170,310)</u>	<u>(308,215)</u>	<u>862,095</u>
NET CHANGE IN FUND BALANCE	(91,768)	2,022,368	2,114,136
Fund Balance - Beginning of Year	<u>5,635,438</u>	<u>5,825,195</u>	<u>189,757</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,543,670</u>	<u>\$ 7,847,563</u>	<u>\$ 2,303,893</u>

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS 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			
Net Investment Income	\$ -	\$ 1,651	\$ 1,651
Total Revenues	<u>-</u>	<u>1,651</u>	<u>1,651</u>
EXPENDITURES			
Current:			
Accounting	2,500	-	2,500
Legal Services	-	5,547	(5,547)
Engineering	7,000	1,500	5,500
Capital Improvements:			
Bond Issue Costs	-	40,000	(40,000)
Capital Outlay	6,860,000	5,742,381	1,117,619
Total Expenditures	<u>6,869,500</u>	<u>5,789,428</u>	<u>1,080,072</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,869,500)	(5,787,777)	1,081,723
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	5,860,000	5,742,000	(118,000)
Developer Advances	6,860,000	5,742,381	(1,117,619)
Repayment of Developer Advance	(6,860,310)	(5,742,381)	1,117,929
Transfers from Other Funds	1,009,810	18,215	(991,595)
Total Other Financing Sources (Uses)	<u>6,869,500</u>	<u>5,760,215</u>	<u>(1,109,285)</u>
NET CHANGE IN FUND BALANCE	-	(27,562)	(27,562)
Fund Balance - Beginning of Year	<u>-</u>	<u>30,665</u>	<u>30,665</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 3,103</u>	<u>\$ 3,103</u>

OTHER INFORMATION

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Year Ending December 31,	\$6,500,000 Series 2010 General Obligation Refunding Bonds Dated December 3, 2010 Interest Rate 8.50% Principal and Interest Due December 1		\$4,765,000 Series 2016 Limited Tax General Obligation Bonds Dated June 8, 2016 Interest Rate 6.50% Principal and Interest Due December 1	
	Principal	Interest	Principal	Interest
2024	\$ 165,000	\$ 452,625	\$ 40,000	\$ 294,450
2025	180,000	438,600	40,000	291,850
2026	195,000	423,300	45,000	289,250
2027	210,000	406,725	45,000	286,325
2028	230,000	388,875	50,000	283,400
2029	250,000	369,325	50,000	280,150
2030	270,000	348,075	55,000	276,900
2031	290,000	325,125	60,000	273,325
2032	315,000	300,475	60,000	269,425
2033	345,000	273,700	70,000	265,525
2034	375,000	244,375	70,000	260,975
2035	405,000	212,500	70,000	256,425
2036	355,000	178,075	165,000	251,875
2037	385,000	147,900	180,000	241,150
2038	415,000	115,175	185,000	229,450
2039	450,000	79,900	200,000	217,425
2040	490,000	41,650	210,000	204,425
2041	-	-	515,000	190,775
2042	-	-	550,000	157,300
2043	-	-	585,000	121,550
2044	-	-	620,000	83,525
2045	-	-	665,000	43,225
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
Total	\$ 5,325,000	\$ 4,746,400	\$ 4,530,000	\$ 5,068,700

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023**

\$7,875,000
Series 2020 Limited Tax
General Obligation Bonds - Draws 1-3
Dated September 15, 2020
Interest Rate 7.00%
Principal and Interest
Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total All Bonds</u>
2024	\$ 108,000	\$ 953,190	\$ 2,013,265
2025	117,000	945,630	2,013,080
2026	123,000	937,440	2,012,990
2027	136,000	928,830	2,012,880
2028	142,000	919,310	2,013,585
2029	154,000	909,370	2,012,845
2030	164,000	898,590	2,012,565
2031	178,000	887,110	2,013,560
2032	194,000	874,650	2,013,550
2033	198,000	861,070	2,013,295
2034	215,000	847,210	2,012,560
2035	237,000	832,160	2,013,085
2036	248,000	815,570	2,013,520
2037	261,000	798,210	2,013,260
2038	288,000	779,940	2,012,565
2039	306,000	759,780	2,013,105
2040	329,000	738,360	2,013,435
2041	592,000	715,330	2,013,105
2042	632,000	673,890	2,013,190
2043	677,000	629,650	2,013,200
2044	727,000	582,260	2,012,785
2045	773,000	531,370	2,012,595
2046	1,536,000	477,260	2,013,260
2047	1,643,000	369,740	2,012,740
2048	1,758,000	254,730	2,012,730
2049	1,881,000	131,670	2,012,670
	<u>\$ 13,617,000</u>	<u>\$ 19,052,320</u>	<u>\$ 52,339,420</u>
Total	<u>\$ 13,617,000</u>	<u>\$ 19,052,320</u>	<u>\$ 52,339,420</u>

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ending December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 25,406,250	51.329 ⁽¹⁾	\$ 1,304,077	\$ 1,304,077	100.00 %
2020	26,518,520	51.000	1,352,445	1,352,445	100.00
2021	25,848,860	51.000	1,318,292	1,385,245	105.08
2022	27,493,160	51.000	1,402,151	1,385,244	98.79
2023	32,518,060	18.000	585,325	599,353	102.40
Estimated for the Year Ending December 31, 2024	\$ 50,406,310	13.041	\$ 657,349		

Notes:

(1) Includes a levy of 0.329 for collection of refunds and abatements from the prior year.

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.