

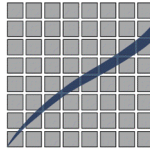
**CREEKWALK MARKETPLACE
BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Creekwalk Marketplace Business Improvement District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekwalk Marketplace 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
June 4, 2024

BASIC FINANCIAL STATEMENTS

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,929
Cash and Investments - Restricted	1,955,586
PIF Receivable	87,194
Receivable from County Treasurer	1,166
Property Taxes Receivable	198,174
Sign Deposits	88,800
Capital Assets:	
Capital Assets, Not Being Depreciated	38,483,452
Capital Assets, Net of Depreciation	623,208
Total Assets	41,441,509
LIABILITIES	
Accounts Payable	21,952
Accrued Interest Payable - Senior Bonds	162,972
Noncurrent Liabilities:	
Due Within One Year	446,962
Due in More Than One Year	50,924,007
Total Liabilities	51,555,893
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	198,174
Total Deferred Inflows of Resources	198,174
NET POSITION	
Net Investment in Capital Assets	(64,538)
Restricted For:	
Emergency Reserves	5,600
Debt Service	232,154
Unrestricted	(10,485,774)
Total Net Position	\$ (10,312,558)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
Primary Government:				
Government Activities:				
General Government	\$ 631,669	\$ -	\$ -	\$ (471,688)
Interest on Long-Term Debt and Related Costs	<u>2,948,933</u>	<u>-</u>	<u>-</u>	<u>(2,948,933)</u>
Total Government Activities	<u>\$ 3,580,602</u>	<u>\$ 159,981</u>	<u>\$ -</u>	<u>(3,420,621)</u>
GENERAL REVENUES				
Property Taxes				119,676
Specific Ownership Taxes				15,183
TIF Revenue - CSURA				321,691
Public Improvement Fees				455,847
Net Investment Income				136,935
Other Revenue				1,347
Total General Revenues				<u>1,050,679</u>
CHANGE IN NET POSITION				
Net Position - Beginning of Year				<u>(2,369,942)</u>
NET POSITION - END OF YEAR				
				<u>\$ (10,312,558)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,929	\$ -	\$ -	\$ 3,929
Cash and Investments - Restricted	5,600	1,946,039	3,947	1,955,586
Accounts Receivable	-	87,194	-	87,194
Accounts Receivable - County Treasurer	194	972	-	1,166
Sign Deposits	-	-	88,800	88,800
Property Taxes Receivable	33,027	165,147	-	198,174
	<u>\$ 42,750</u>	<u>\$ 2,199,352</u>	<u>\$ 92,747</u>	<u>\$ 2,334,849</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 21,502	\$ -	\$ 450	\$ 21,952
Total Liabilities	21,502	-	450	21,952
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	33,027	165,147	-	198,174
Total Deferred Inflows of Resources	33,027	165,147	-	198,174
FUND BALANCES				
Restricted For:				
Emergencies (TABOR)	5,600	-	-	5,600
Debt Service	-	2,034,205	-	2,034,205
Capital Projects	-	-	92,297	92,297
Unassigned	(17,379)	-	-	(17,379)
Total Fund Balances	<u>(11,779)</u>	<u>2,034,205</u>	<u>92,297</u>	<u>2,114,723</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,750</u>	<u>\$ 2,199,352</u>	<u>\$ 92,747</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.				
Capital Assets, Not Being Depreciated				38,483,452
Capital Assets, Net of Depreciation				623,208
Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(40,025,000)
Accrued Interest - Bonds				(1,437,266)
Accrued Interest Payable - Bonds				(162,972)
Financing Purchase - South Sign				(687,746)
Developer Advance Payable				(8,335,273)
Accrued Interest - Developer Advances				(885,684)
Net Position of Governmental Activities				<u>\$ (10,312,558)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE 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	\$ 19,946	\$ 99,730	\$ -	\$ 119,676
Specific Ownership Taxes	2,530	12,653	-	15,183
Net Investment Income	305	125,225	11,405	136,935
CAM Revenue	159,981	-	-	159,981
TIF Revenue - CSURA	-	321,691	-	321,691
Public Improvement Fees	-	455,847	-	455,847
Other Revenue	1,347	-	-	1,347
Total Revenues	<u>184,109</u>	<u>1,015,146</u>	<u>11,405</u>	<u>1,210,660</u>
EXPENDITURES				
Current:				
Accounting	44,692	-	959	45,651
Audit	4,025	-	-	4,025
Banking Fees	140	-	10	150
County Treasurer's Fees	304	1,518	-	1,822
Dues and Licenses	7,991	-	-	7,991
Election Expense	1,479	-	-	1,479
Insurance	8,967	-	-	8,967
Legal	40,117	-	-	40,117
Miscellaneous	1,965	-	620	2,585
PIF Collections	7,627	-	-	7,627
Lease Expense	-	-	119,196	119,196
CAM:				
Miscellaneous	-	-	-	-
Utilities	21,662	-	-	21,662
Repairs and Maintenance	73,432	-	-	73,432
Security	163,188	-	-	163,188
Snow Removal	68,639	-	-	68,639
Debt Service:				
Interest - Bonds	-	1,967,922	-	1,967,922
Principal - Bonds	-	245,000	-	245,000
Paying Agent Fees	-	13,000	-	13,000
Capital Projects:				
Repairs and Maintenance	-	-	600	600
Capital Outlay	-	-	2,945,526	2,945,526
Total Expenditures	<u>444,228</u>	<u>2,227,440</u>	<u>3,066,911</u>	<u>5,738,579</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(260,119)	(1,212,294)	(3,055,506)	(4,527,919)
OTHER FINANCING SOURCES				
Developer Advance	93,579	-	2,596,276	2,689,855
Developer Advance - CAM	165,245	-	-	165,245
Total Other Financing Sources	<u>258,824</u>	<u>-</u>	<u>2,596,276</u>	<u>2,855,100</u>
NET CHANGE IN FUND BALANCES	(1,295)	(1,212,294)	(459,230)	(1,672,819)
Fund Balances (Deficit) - Beginning of Year	<u>(10,484)</u>	<u>3,246,499</u>	<u>551,527</u>	<u>3,787,542</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (11,779)</u>	<u>\$ 2,034,205</u>	<u>\$ 92,297</u>	<u>\$ 2,114,723</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE 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 \$ (1,672,819)

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	2,945,526
Depreciation Expense	(155,802)

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

Developer Advance	(2,855,100)
Bonds Principal Payment	245,000
Lease Finance Principal Payment	91,264

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 Subordinate Bonds - Change in Liability	(476,834)
Accrued Interest on Developer Advance - Change in Liability	(492,198)
Accrued Interest on Bonds - Change in Liability	<u>1,021</u>

Change in Net Position of Governmental Activities \$ (2,369,942)

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 19,815	\$ 19,815	\$ 19,946	\$ 131
Specific Ownership Taxes	2,417	2,417	2,530	113
Net Investment Income	-	-	305	305
CAM Revenue	188,210	159,981	159,981	-
Other Revenue	6,962	56,736	1,347	(55,389)
Total Revenues	<u>217,404</u>	<u>238,949</u>	<u>184,109</u>	<u>(54,840)</u>
EXPENDITURES				
Current:				
Accounting	40,000	40,000	44,692	(4,692)
Audit	4,000	4,000	4,025	(25)
Banking Fees	-	50	140	(90)
County Treasurer's Fees	297	297	304	(7)
Director's Fees	3,000	3,000	-	3,000
Dues and Licenses	1,600	1,600	7,991	(6,391)
Election Expense	5,000	5,000	1,479	3,521
Insurance	6,600	6,600	8,967	(2,367)
Legal	40,000	40,000	40,117	(117)
District Management	-	-	-	-
Miscellaneous	8,273	8,223	1,965	6,258
Payroll Taxes	230	230	-	230
PIF Collections	20,000	20,000	7,627	12,373
CAM Expenses:				
Utilities	31,100	21,662	21,662	-
Contingency	-	3,079	-	3,079
General and Administrative	69,110	-	-	-
Exterior Expense and Maintenance	83,000	-	-	-
Repairs and Maintenance	5,000	73,432	73,432	-
Snow Removal	-	68,639	68,639	-
Security	-	163,188	163,188	-
Total Expenditures	<u>317,210</u>	<u>459,000</u>	<u>444,228</u>	<u>14,772</u>
EXCESS OF REVENUES OVER EXPENDITURES	(99,806)	(220,051)	(260,119)	(40,068)
OTHER FINANCING SOURCES				
Developer Advance	105,706	105,706	93,579	(12,127)
Developer Advance - CAM	-	165,245	165,245	-
Total Other Financing Sources	<u>105,706</u>	<u>270,951</u>	<u>258,824</u>	<u>(12,127)</u>
NET CHANGE IN FUND BALANCE	5,900	50,900	(1,295)	(52,195)
Fund Balance (Deficit) - Beginning of Year	<u>100</u>	<u>100</u>	<u>(10,484)</u>	<u>(10,584)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 6,000</u>	<u>\$ 51,000</u>	<u>\$ (11,779)</u>	<u>\$ (62,779)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Creekwalk Marketplace Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on February 23, 2016, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection, and emergency medical.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees, and all operations and administrative functions are contracted.

The District's annual budget is required to be submitted to and approved by the City, thus enabling the City to impose its will on the District. Consequently, the District is considered to be a component unit of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

**CREEKWALK MARKETPLACE 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 revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**CREEKWALK MARKETPLACE 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 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.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes net of estimated uncollectible taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**CREEKWALK MARKETPLACE 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 include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns 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.

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:

Signs	5 Years
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Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

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 receipt of funds advanced by the Developers 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	\$ 3,929
Cash and Investments - Restricted	1,955,586
Total	\$ 1,959,515

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$	315,634
Investments		1,643,881
Total Cash and Investments		\$ 1,959,515

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 had cash deposits and a bank and carrying balance of \$315,634.

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:

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . 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 Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 1,643,881
Total		<u>\$ 1,643,881</u>

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAF CASH FUND and CSAF CORE.

CSAF CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAF may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAF CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAF CORE 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 CSAF's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAF's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAF.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE is rated AAmmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 35,537,926	\$ 2,945,526	\$ -	\$ 38,483,452
Total Capital Assets, Not Being Depreciated	35,537,926	2,945,526	-	38,483,452
Capital Assets, Being Depreciated:				
North Sign	-	420,000	-	420,000
South Sign	359,010	-	-	359,010
Total Capital Assets, Being Depreciated	359,010	420,000	-	779,010
Less Accumulated Depreciation For:				
North Sign	-	(84,000)	-	(84,000)
South Sign	-	(71,802)	-	(71,802)
Total Accumulated Depreciation	-	(155,802)	-	(155,802)
Total Capital Assets, Being Depreciated, Net	359,010	264,198	-	623,208
Total Capital Assets, Net	\$ 35,896,936	\$ 3,209,724	\$ -	\$ 39,106,660

Depreciation expense of \$155,802 was charged to the general government activities of the District for the year ended December 31, 2023.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Compounding Interest	Retirements	Balance at December 31, 2023	Due Within One Year
Governmental Activities:						
Bonds Payable:						
G.O. Bonds -						
Series 2019A	\$ 24,230,000	\$ -	\$ -	\$ 245,000	\$ 23,985,000	\$ 300,000
G.O. Subordinate Bonds -						
Series 2019B	2,500,000	-	-	-	2,500,000	-
G.O. Bonds - Series 2021A	11,040,000	-	-	-	11,040,000	-
G.O. Subordinate Bonds -						
Series 2021B	2,500,000	-	-	-	2,500,000	-
Accrued Interest on						
Subordinate Bonds:						
Series 2019B	755,292	200,000	60,423	-	1,015,715	-
Series 2021B	205,140	200,000	16,411	-	421,551	-
Bonds Payable						
Subtotal	41,230,432	400,000	76,834	245,000	41,462,266	300,000
Note/Loans/Bonds/ from						
Direct Borrowing and						
Direct Placements:						
Finance Purchase - South Sign	359,010	-	-	65,901	293,109	68,728
Finance Purchase - North Sign	-	420,000	-	25,363	394,637	78,234
Developer Advances:						
Operations	466,366	93,579	-	-	559,945	-
Operations - CAM	128,352	165,245	-	-	293,597	-
Capital	4,885,455	2,596,276	-	-	7,481,731	-
Accrued Interest						
on Developer Advances:						
Operations	129,434	53,524	-	-	182,958	-
Operations - CAM	-	10,268	-	-	10,268	-
Capital	264,052	428,406	-	-	692,458	-
Loans and Notes						
Payable Subtotal	6,232,669	3,767,298	-	91,264	9,908,703	146,962
Total Long-Term						
Obligations	<u>\$ 47,463,101</u>	<u>\$ 4,167,298</u>	<u>\$ 76,834</u>	<u>\$ 336,264</u>	<u>\$ 51,370,969</u>	<u>\$ 446,962</u>

Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A, (the Series 2019A Bonds) and Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B (the Series 2019B Bonds and together with the Series 2019A Bonds, the 2019 Bonds)

On July 31, 2019, the District issued \$24,230,000 in Series 2019A Bonds and \$2,500,000 in Series 2019B Bonds.

Details of the 2019A Bonds

The Series 2019A Bonds bear interest at rates ranging from 5.00% to 5.75%, payable semiannually on each June 1 and December 1, beginning December 1, 2019. Mandatory sinking fund payments are due annually on December 1, beginning December 1, 2023. The Series 2019A Bonds mature on December 1, 2049.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the 2019B Bonds

The Series 2019B Subordinate Bonds bear interest at 8.00% per annum payable annually on December 15, to the extent of available Subordinate Pledged Revenue. The Series 2019B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date of December 15, 2049.

Unpaid interest on the Series 2019B Subordinate Bonds compounds annually on each December 15. All of the Series 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2059, regardless of the principal and interest amounts remaining unpaid. Unpaid and accrued interest on the Series 2019B Subordinate Bonds at December 31, 2023 was \$1,015,715.

Security for the 2019 Bonds

The Series 2019A Bonds are secured by and payable solely from Revenues consisting of Pledged Tax Increment (TIF) Revenues, Required Mill Levy Revenues, Specific Ownership Tax Revenues collected as a result of the imposition of the Required Mill Levy, PIF Revenues, and any other legally available amounts that the Board may designate to be deposited to the Revenue Fund.

The Required Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property in the District each year which is sufficient to pay the Series 2019A Bonds as they come due and, if necessary an amount sufficient to replenish the Reserve Fund to the amount of the Senior Reserve Requirement, and, if the Surplus Fund has not been closed, an amount sufficient to fund the Surplus Fund to the Maximum Surplus Fund Amount, but not in excess of 50 mills.

The Series 2019A Bonds were initially secured by funds held by the Trustee in the Senior Reserve Fund in the required amount of \$2,119,525 and the Surplus Fund to be funded over time with excess Revenues, not to exceed \$1,000,000. The amount in the Senior Reserve as of December 31, 2023 was \$595,246.

The Series 2019B Bonds are secured by and payable solely from Subordinate Pledged Revenues consisting of the Subordinate Required Mill Levy Revenues, Subordinate Specific Ownership Tax Revenues collected as a result of the imposition of the Subordinate Required Mill Levy, Subordinate Pledged PIF Revenues, Subordinate Pledged TIF Revenues, and any other legally available amounts that the Board determines to transfer to the Trustee for application as Subordinate Pledged Revenues.

The Subordinate Required Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property in the District each year in an amount equal to 50 mills, less the amount of the Senior Bond Mill Levy.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax Supported and Special Revenue Senior Bonds, Series 2021A (the 2021A Senior Bonds) and Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2021B (the Series 2021B Subordinate Bonds, and with the Series 2021A Senior Bonds, the 2021 Bonds)

On December 23, 2021, the District issued Series 2021A Senior Bonds in the par amount of \$11,040,000 on parity with the Series 2019A Senior Bonds and the Series 2021B Subordinate Bonds in the par amount of \$2,500,000 on parity with the Series 2019B Subordinate Bonds.

Details of the Series 2021A Senior Bonds

The Series 2021A Senior Bonds bear interest at rates ranging from 5.00% to 5.75%, payable semiannually on June 1 and December 1, beginning June 1, 2022. Mandatory sinking fund payments are due annually on December 1, beginning December 1, 2026. The maturity date is December 1, 2049.

To the extent principal of any 2021A Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any 2021A Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate then borne by the Series 2021A Senior Bonds.

Proceeds of the Series 2021A Senior Bonds in the amount of \$1,060,000 were deposited to the Restricted Account of the Senior Project Fund. Amounts are released from the Restricted Account upon receipt of a Project Fund Disbursement as described in the Series 2019A Senior Indenture. The balance in the Restricted Account as of December 31, 2023, was \$595,246.

Revenues

The Series 2021A Senior Bonds are secured by and payable solely from and to the extent of the Revenues consisting of: (a) Pledged Tax Increment Revenues; (b) Required Mill Levy Revenues; (c) Specific Ownership Tax Revenues collected as a result of imposition of the Required Mill Levy; (d) the PIF (Public Improvement Fee) Revenues; and (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit to the Revenue Fund.

The Required Mill Levy for the Series 2021A Bonds is the same as the Required Mill Levy for the Series 2019A Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for the 2021A Bonds

The Series 2021A Senior Bonds are additionally secured by the Senior Reserve Fund which was funded from proceeds of the Series 2021A Senior Bonds in the amount of \$1,091,170, and by amounts, if any, in the Senior Surplus Fund.

The Senior Reserve Fund and Senior Surplus Fund are common funds that secure both the Series 2019A Senior Bonds and the Series 2021A Senior Bonds. The aggregate Senior Reserve Fund Requirement for the Series 2019A Senior Bonds and Series 2021A Senior Bonds was an initial funding of \$3,157,505. The Senior Surplus Fund is required to be funded from future annual excess Revenues, if any, up to the Maximum Surplus Fund Amount of \$1,500,000.

In order to make the December 1, 2022 and December 1, 2023 payments due on the Series 2019A Bonds, the District drew upon the Senior Reserve Fund in the amounts of \$52,980 and \$59,977, respectively. The balance in the Senior Reserve Fund as of December 31, 2023 was \$1,043,834. The balance in the Senior Surplus Fund as of December 31, 2023 was zero.

On the Surplus Release Date, all amounts on deposit in the Senior Surplus Fund are to be transferred to the Extraordinary Mandatory Redemption Fund and used to redeem Series 2021A Senior Bonds.

Details of the Series 2021B Subordinate Bonds

The Series 2021B Subordinate Bonds consist of a term bond that bears interest at the rate of 8.00% per annum and is structured as a “cash flow” bond, meaning that no regularly scheduled payments of principal are due prior to the maturity date of December 15, 2049.

Unpaid interest on the Series 2021B Subordinate Bonds compounds annually on each December 15. All of the Series 2021B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2059, regardless of the principal and interest amounts remaining unpaid. Unpaid and accrued interest on the Series 2021B Subordinate Bonds was \$421,551 at December 31, 2023.

Subordinate Pledged Revenues

The Series 2021B Subordinate Bonds are secured by and payable from the following sources, net of any costs of collection: (a) Subordinate Required Mill Levy Revenue; (b) Specific Ownership Tax Revenues collected as a result of imposition of the Subordinate Required Mill Levy; (c) Subordinate Pledged PIF Revenues; (d) Subordinate Pledged Tax Increment Revenues; and, (e) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenues.

The Subordinate Required Mill Levy for the Series 2021B Bonds is the same as the Subordinate Required Mill Levy for the Series 2021B Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption of the 2019 and 2021 Bonds

The Series 2019A Bonds and the Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026 and December 15, 2026, respectively, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u> <u>Series 2019A Bonds</u>	<u>Date of Redemption</u> <u>Series 2019B Bonds</u>	<u>Redemption</u> <u>Premium</u>
December 1, 2026, to November 30, 2027	December 15, 2026, to December 14, 2027	3.00%
December 1, 2027, to November 30, 2028	December 15, 2027, to December 14, 2028	2.00
December 1, 2028, to November 30, 2029	December 15, 2028, to December 14, 2029	1.00
December 1, 2029, and thereafter	December 15, 2029, and thereafter	0.00

The Series 2021A Bonds and the Series 2021B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024 and December 15, 2024, respectively, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u> <u>Series 2021A Bonds</u>	<u>Date of Redemption</u> <u>Series 2021B Bonds</u>	<u>Redemption</u> <u>Premium</u>
December 1, 2024, to November 30, 2025	December 15, 2024, to December 14, 2025	3.00%
December 1, 2025, to November 30, 2026	December 15, 2025, to December 14, 2026	2.00
December 1, 2026, to November 30, 2027	December 15, 2026, to December 14, 2027	1.00
December 1, 2027, and thereafter	December 15, 2027, and thereafter	0.00

Events of Default of the 2019 and the 2021 Bonds

Events of default of the Series 2019A Bonds and the Series 2021A Bonds occur if the District fails to impose the Required Mill Levy, or to apply the Revenues as required by the Series 2019A and the Series 2021A Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2019A and the Series 2021A Indentures.

Events of default of the Series 2019B Bonds and the Series 2021B Bonds occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Series 2019B and the Series 2021B Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2019B and the Series 2021B Indentures.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2019A Senior Bonds and the Series 2021A Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 300,000	\$ 1,955,663	\$ 2,255,663
2025	335,000	1,940,663	2,275,663
2026	540,000	1,923,913	2,463,913
2027	605,000	1,896,913	2,501,913
2028	685,000	1,866,663	2,551,663
2029-2033	4,765,000	8,707,290	13,472,290
2034-2038	7,670,000	7,101,240	14,771,240
2039-2043	7,365,000	4,784,853	12,149,853
2044-2048	7,635,000	2,860,051	10,495,051
2049	5,125,000	294,688	5,419,688
Total	<u>\$ 35,025,000</u>	<u>\$ 33,331,937</u>	<u>\$ 68,356,937</u>

The Series 2019B Subordinate Bonds and the Series 2021B Subordinate Bonds are structured as cash flow bonds therefore there are no schedules of principal and interest payments.

Authorized Debt

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$650,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Authorized May 3, 2016 Election</u>	<u>Authorization Used Series 2019 Bonds</u>	<u>Authorization Used Series 2021 Bonds</u>	<u>Authorized But Unissued</u>
Street Improvements	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000
Water Supply Improvements	50,000,000	-	-	50,000,000
Sanitary Sewer	50,000,000	-	-	50,000,000
Traffic and Safety	50,000,000	-	-	50,000,000
Parks and Recreation	50,000,000	-	-	50,000,000
Transportation	50,000,000	-	-	50,000,000
Television Relay and Translation	50,000,000	-	-	50,000,000
Mosquito Control	50,000,000	-	-	50,000,000
Security	50,000,000	-	-	50,000,000
Fire Protection and Emergency Medical	50,000,000	-	-	50,000,000
Operating Plan Debt	50,000,000	26,730,000	13,540,000	9,730,000
Debt Refunding	50,000,000	-	-	50,000,000
Total	<u>\$ 600,000,000</u>	<u>\$ 26,730,000</u>	<u>\$ 13,540,000</u>	<u>\$ 559,730,000</u>

As set forth in the District's 2016 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$50,000,000 without future approval by the City. Upon the issuance of the Series 2021 Bonds, the District issued a total of \$40,270,000 of debt under the Operating Plan, resulting in remaining authorization under the Operating Plan of \$9,730,000 and \$559,730,000 in authorized, but unissued, general obligation indebtedness for capital purposes.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (continued)

The District may levy up to 50.00 mills for debt service and up to 10.00 mills for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District.

Developer Advances

Operations Reimbursement Agreement

On March 14, 2018, the District entered into an Operations Reimbursement Agreement with SNA Development LLC. The advances made to the District accrue interest from the date of the advance to the date of repayment at a rate of 8.00% compounding annually from the date of the advance. The total operations advances made by the Developer to the District totaled \$559,945 with accrued interest of \$182,958 as of December 31, 2023. The total operations advances related to CAM made by the Developer to the District totaled \$316,032 with accrued interest of \$10,653 as of December 31, 2023.

Facilities Funding and Reimbursement Agreement

The District entered into a Facilities Funding and Reimbursement Agreement (Agreement) on October 12, 2017, Amended and Restated on August 10, 2022 with SNA Development, LLC (the Company) whereby the District agrees to reimburse the Company for the costs related to the public improvements within the District. The District agrees to repay the Company along with accrued interest at a rate of 6.0% from the date of acceptance by the District through the date of repayment.

The parties agree that no payment shall be required of the District for public improvements acquired under the terms of the Agreement unless and until the District issues debt or has other legally available revenue to repay for the purpose as in an amount sufficient to acquire all or a portion of the completed public improvements. The Parties agree that the Company shall be reimbursed up to \$85,000 as a first priority payment from the proceeds of any debt issued by the District, subject to compliance by the Company with the requirements of this Agreement.

Any remaining reimbursement obligation to the Company shall be paid from excess Public Improvement Fee revenue of the District generated from the property owned by the Company up to a total reimbursement amount of \$150,000 plus any accrued interest thereon. As of December 31, 2023, the District owes \$7,431,731 in principal and \$684,708 in interest for capital advances.

The term of this Agreement shall extend from the date hereof through and including December 31, 2046, unless terminated earlier by the mutual written agreement of the Parties.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Financing Purchase

The District entered into a financing lease agreement with MidCountry Equipment Finance for District signage. The total financing lease is payable in 60 monthly installments of \$6,645 including principal and interest, at an implied interest rate of 4.21%. The lease matures December 2027.

The District entered into a financing lease agreement with Yesco Financial Solutions for District signage. The total financing lease is payable in 60 monthly installments of \$7,767 including principal and interest, at an implied interest rate of 4.17%. The lease matures August 2028.

The financing leases mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 146,962	\$ 25,987	\$ 172,949
2025	153,235	19,714	172,949
2026	159,776	13,174	172,950
2027	166,596	6,354	172,950
2028	61,177	960	62,137
Total	<u>\$ 687,746</u>	<u>\$ 66,189</u>	<u>\$ 753,935</u>

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's net investment in capital assets is calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 623,208
Current Portion of Outstanding Long-Term Obligations	(146,962)
Noncurrent Portion of Long-Term Obligations	(540,784)
Net Investment in Capital Assets	<u>\$ (64,538)</u>

The restricted component of 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION (CONTINUED)

The District had restricted net position as of December 31, 2023, as follows:

Restricted Net Position:

Emergency Reserves (see Note 11)	\$ 5,600
Debt Service (see Note 5)	<u>232,154</u>
Total Restricted Net Position	<u><u>\$ 237,754</u></u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which will be conveyed to other governmental entities when the improvements have been completed. The costs incurred to date are presented in the District's financial records as construction in progress.

NOTE 7 RELATED PARTIES

The Developers of the property which constitutes the District are SNA Development LLC, Creekwalk, LLC, Creekwalk North, LLC and 1609 South Nevada, LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developers and may have conflicts of interest in dealing with the District.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developers.

NOTE 9 AGREEMENTS

Cooperation Agreement

The District entered into a Cooperation Agreement with the Colorado Springs Urban Renewal Authority (CSURA) on July 26, 2019 in which the District will receive tax increment revenue (TIF) generated from the District's projects to be used toward the repayment of the District's bonds.

Intergovernmental Agreement for Street Maintenance

The District entered into an intergovernmental agreement for Street Maintenance (the Agreement) with the City of Colorado Springs (the City) on June 6, 2019 in which the district agreed to accept control maintenance responsibilities for the streets and rights of way identified in the Agreement. The Agreement may be terminated by either party upon giving written notice within 30 days.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 (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 and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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 May 3, 2016, the voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the Board for the purpose of the District's operations, maintenance, and other expenses and an annual increase in taxes of up to \$25,000,000 at a mill levy rate without limitation or with such limitations as determined by the Board for the purpose of the District's capital expenditures. 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.

SUPPLEMENTARY INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Amended		
REVENUES				
Property Taxes	\$ 99,076	\$ 99,730	\$ 99,730	\$ -
Specific Ownership Taxes	12,087	12,653	12,653	-
CSURA TIF Revenue	620,000	321,691	321,691	-
Net Investment Income	19,231	125,226	125,225	(1)
Public Improvement Fees	960,000	455,847	455,847	-
Total Revenues	<u>1,710,394</u>	<u>1,015,147</u>	<u>1,015,146</u>	<u>(1)</u>
EXPENDITURES				
County Treasurer's Fees	1,486	1,518	1,518	-
Interest - 2021 Bonds	618,913	618,922	618,922	-
Interest - 2019 Bonds	1,349,000	1,349,000	1,349,000	-
Principal - 2019 Bonds	245,000	245,000	245,000	-
Miscellaneous	601	2,560	-	2,560
Paying Agent Fees	12,000	13,000	13,000	-
Total Expenditures	<u>2,227,000</u>	<u>2,230,000</u>	<u>2,227,440</u>	<u>2,560</u>
NET CHANGE IN FUND BALANCE	(516,606)	(1,214,853)	(1,212,294)	2,559
Fund Balance - Beginning of Year	<u>3,575,440</u>	<u>3,575,440</u>	<u>3,246,499</u>	<u>(328,941)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,058,834</u></u>	<u><u>\$ 2,360,587</u></u>	<u><u>\$ 2,034,205</u></u>	<u><u>\$ (326,382)</u></u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Amended		
REVENUES				
Net Investment Income	\$ 150	\$ 11,405	\$ 11,405	\$ -
Total Revenues	<u>150</u>	<u>11,405</u>	<u>11,405</u>	<u>-</u>
EXPENDITURES				
Current:				
Accounting	6,000	959	959	-
Banking Fees	-	10	10	-
Miscellaneous	-	620	620	-
Lease Expense	-	119,196	119,196	-
Capital Projects:				
Capital Outlay	2,000,000	3,037,823	2,945,526	92,297
Repair and Maintenance	-	600	600	-
Engineering	15,000	-	-	-
Total Expenditures	<u>2,021,000</u>	<u>3,159,208</u>	<u>3,066,911</u>	<u>92,297</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,020,850)</u>	<u>(3,147,803)</u>	<u>(3,055,506)</u>	<u>92,297</u>
OTHER FINANCING SOURCES (USES)				
Developer Advance	2,020,850	2,596,276	2,596,276	-
Total Other Financing Sources (Uses)	<u>2,020,850</u>	<u>2,596,276</u>	<u>2,596,276</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(551,527)	(459,230)	92,297
Fund Balance - Beginning of Year	-	551,527	551,527	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,297</u>	<u>\$ 92,297</u>

OTHER INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2023**

Year Ending December 31,	\$24,230,000		\$11,040,000		Total All Bonds
	Limited Property Tax Supported Revenue Bonds, Series 2019A Dated July 31, 2019 Interest Rates: 5.000%-5.750% Interest due June 1 and December 1		Limited Property Tax Supported Revenue Bonds, Series 2021A Dated December 23, 2021 Interest Rates: 5.000%-5.750% Interest Due June 1 and December 1		
	Principal Due December 1	Principal Due December 1	Principal	Interest	
	Principal	Interest	Principal	Interest	
2024	\$ 300,000	\$ 1,336,750	\$ -	\$ 618,913	\$ 2,255,663
2025	335,000	1,321,750	-	618,913	2,275,663
2026	390,000	1,305,000	150,000	618,913	2,463,913
2027	430,000	1,285,500	175,000	611,413	2,501,913
2028	490,000	1,264,000	195,000	602,663	2,551,663
2029	540,000	1,239,500	220,000	592,913	2,592,413
2030	605,000	1,212,500	250,000	581,913	2,649,413
2031	665,000	1,179,225	280,000	568,163	2,692,388
2032	740,000	1,142,650	310,000	552,763	2,745,413
2033	805,000	1,101,950	350,000	535,713	2,792,663
2034	900,000	1,057,675	375,000	516,463	2,849,138
2035	965,000	1,008,175	425,000	495,838	2,894,013
2036	1,060,000	955,100	470,000	472,463	2,957,563
2037	1,150,000	896,800	510,000	446,613	3,003,413
2038	1,255,000	833,550	560,000	418,563	3,067,113
2039	1,355,000	764,525	605,000	387,763	3,112,288
2040	1,425,000	690,000	710,000	354,488	3,179,488
2041	665,000	608,063	330,000	313,663	1,916,726
2042	730,000	569,825	360,000	294,688	1,954,513
2043	790,000	527,850	395,000	273,988	1,986,838
2044	860,000	482,425	435,000	251,275	2,028,700
2045	930,000	432,975	470,000	226,263	2,059,238
2046	1,010,000	379,500	510,000	199,238	2,098,738
2047	1,085,000	321,425	555,000	169,913	2,131,338
2048	1,175,000	259,037	605,000	138,000	2,177,037
2049	3,330,000	191,475	1,795,000	103,213	5,419,688
	<u>\$ 23,985,000</u>	<u>\$ 22,367,225</u>	<u>\$ 11,040,000</u>	<u>\$ 10,964,712</u>	<u>\$ 68,356,937</u>

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

Year Ended December 31,	Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 977,550	51.000	\$ 49,855	\$ 49,871	100.03 %
2020	1,050,580	51.000	53,580	54,190	101.14
2021	836,790	51.000	42,676	42,704	100.06
2022	1,140,570	51.000	58,169	58,565	100.68
2023	1,981,510	60.000	118,891	119,676	100.66
Estimated for the Year Ending December 31, 2024	\$ 3,119,620	63.525	\$ 198,174		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.