



CliftonLarsonAllen

Accountant's Compilation Report

CliftonLarsonAllen LLP
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Board of Directors
Interquest North Business Improvement District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Interquest North Business Improvement District for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Interquest North Business Improvement District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 16, 2019



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**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 2,040,564	\$ 3,125,473	\$ 1,115,430
REVENUE			
Property Taxes	1,134,824	1,304,116	1,352,445
Specific Ownership Tax	143,948	151,860	148,769
Interest Income	64,573	98,520	76,318
PIF Collections	751,922	770,200	870,000
Bond Issuance	-	-	4,950,000
Developer Advance	-	1,396,254	3,209,000
Total revenue	<u>2,095,267</u>	<u>3,720,950</u>	<u>10,606,532</u>
TRANSFERS IN	<u>-</u>	<u>3,273,161</u>	<u>356,064</u>
Total funds available	<u>4,135,831</u>	<u>10,119,584</u>	<u>12,078,026</u>
EXPENDITURES			
General Fund	51,404	331,736	436,013
Debt Service Fund	958,954	966,578	1,120,000
Capital Projects Fund	-	4,432,679	8,159,000
Total expenditures	<u>1,010,358</u>	<u>5,730,993</u>	<u>9,715,013</u>
TRANSFERS OUT	<u>-</u>	<u>3,273,161</u>	<u>356,064</u>
Total expenditures and transfers out requiring appropriation	<u>1,010,358</u>	<u>9,004,154</u>	<u>10,071,077</u>
ENDING FUND BALANCES	<u>\$ 3,125,473</u>	<u>\$ 1,115,430</u>	<u>\$ 2,006,949</u>
EMERGENCY RESERVE	\$ 5,200	\$ 5,700	\$ 5,600
AVAILABLE FOR OPERATIONS	381,644	474,095	577,584
TOTAL RESERVE	<u>\$ 386,844</u>	<u>\$ 479,795</u>	<u>\$ 583,184</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Commercial	\$ 22,025,580	\$ 25,123,790	\$ 25,253,950
Agricultural	1,470	1,470	-
Vacant land	311,130	280,990	1,264,570
Certified Assessed Value	<u>\$ 22,338,180</u>	<u>\$ 25,406,250</u>	<u>\$ 26,518,520</u>
MILL LEVY			
General	1.000	1.000	1.000
Debt Service	50.000	50.000	50.000
Refund and abatements	0.000	0.329	0.000
Total mill levy	<u>51.000</u>	<u>51.329</u>	<u>51.000</u>
PROPERTY TAXES			
General	\$ 22,338	\$ 25,406	\$ 26,519
Debt Service	1,116,909	1,270,313	1,325,926
Refund and abatements	-	8,359	-
Levied property taxes	<u>1,139,246</u>	<u>1,304,077</u>	<u>1,352,445</u>
Adjustments to actual/rounding	(4,422)	39	-
Budgeted property taxes	<u>\$ 1,134,824</u>	<u>\$ 1,304,116</u>	<u>\$ 1,352,445</u>
BUDGETED PROPERTY TAXES			
General	\$ 22,243	\$ 25,571	\$ 26,519
Debt Service	1,112,581	1,278,545	1,325,926
	<u>\$ 1,134,824</u>	<u>\$ 1,304,116</u>	<u>\$ 1,352,445</u>

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**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 265,374	\$ 386,844	\$ 479,795
REVENUE			
Property Taxes	22,243	25,571	26,519
Specific Ownership Tax	143,948	151,860	148,769
Interest Income	6,683	10,520	8,050
Total revenue	<u>172,874</u>	<u>187,951</u>	<u>183,338</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>236,736</u>	<u>356,064</u>
Total funds available	<u>438,248</u>	<u>811,531</u>	<u>1,019,197</u>
EXPENDITURES			
General and administrative			
Accounting	18,539	22,500	20,000
Auditing	3,550	3,600	3,650
County Treasurer's Fee	335	383	398
PIF Collection Expense	5,944	9,000	9,000
Dues and Licenses	314	493	500
Insurance and Bonds	1,812	1,832	1,855
District Management	5,097	4,000	6,000
Legal	9,823	48,000	25,000
Miscellaneous	485	375	600
Election Expense	5,505	-	7,000
Contingency	-	4,817	5,946
Operations and maintenance			
Repairs and Maintenance	-	312	542
Landscape Maintenance	-	28,483	45,940
Security	-	27,826	37,171
Common Area	-	1,435	2,700
Management Fees	-	49,027	67,831
Marketing	-	18,846	80,990
Electrical Repairs	-	1,558	2,712
Light Bulbs	-	2,430	4,231
Exterior Staff	-	-	3,109
Other Grounds Expense	-	9,628	15,530
Snow Removal	-	9,295	16,188
Parking Lot/Sidewalk R&M	-	52,011	17,402
Signage	-	2,364	2,796
Electricity	-	9,859	17,170
Water & Sewer	-	15,944	25,716
Stormwater	-	767	1,237
Management Staff	-	6,951	14,799
Total expenditures	<u>51,404</u>	<u>331,736</u>	<u>436,013</u>
Total expenditures and transfers out requiring appropriation	<u>51,404</u>	<u>331,736</u>	<u>436,013</u>
ENDING FUND BALANCE	<u>\$ 386,844</u>	<u>\$ 479,795</u>	<u>\$ 583,184</u>
EMERGENCY RESERVE	\$ 5,200	\$ 5,700	\$ 5,600
AVAILABLE FOR OPERATIONS	<u>381,644</u>	<u>474,095</u>	<u>577,584</u>
TOTAL RESERVE	<u>\$ 386,844</u>	<u>\$ 479,795</u>	<u>\$ 583,184</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 1,775,190	\$ 2,738,629	\$ 635,635
REVENUE			
Property Taxes	1,112,581	1,278,545	1,325,926
Interest Income	57,890	88,000	68,268
PIF Collections	751,922	770,200	870,000
Total revenue	<u>1,922,393</u>	<u>2,136,745</u>	<u>2,264,194</u>
Total funds available	<u>3,697,583</u>	<u>4,875,374</u>	<u>2,899,829</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	16,754	19,178	19,889
Contingency	-	-	3,686
Debt Service			
Bond Interest - 2010 Series	516,375	507,875	498,525
Bond Interest - 2016 Series	305,825	304,525	302,900
Bond Interest - 2020 Series	-	-	125,000
Bond Principal - 2010 Series	100,000	110,000	120,000
Bond Principal - 2016 Series	20,000	25,000	30,000
Bond Principal - 2020 Series	-	-	20,000
Total expenditures	<u>958,954</u>	<u>966,578</u>	<u>1,120,000</u>
TRANSFERS OUT			
Transfers to Other Funds	<u>-</u>	<u>3,273,161</u>	<u>356,064</u>
Total expenditures and transfers out requiring appropriation	<u>958,954</u>	<u>4,239,739</u>	<u>1,476,064</u>
ENDING FUND BALANCE	<u>\$ 2,738,629</u>	<u>\$ 635,635</u>	<u>\$ 1,423,765</u>

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**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Developer Advance	-	1,396,254	3,209,000
Bond Issuance	-	-	4,950,000
Total revenue	<u>-</u>	<u>1,396,254</u>	<u>8,159,000</u>
TRANSFERS IN			
Transfers from Other funds	<u>-</u>	<u>3,036,425</u>	<u>-</u>
Total funds available	<u>-</u>	<u>4,432,679</u>	<u>8,159,000</u>
EXPENDITURES			
Capital Projects			
Repay Developer Advance	-	3,036,425	4,800,000
Bond Issue Costs	-	-	150,000
Capital Outlay	<u>-</u>	<u>1,396,254</u>	<u>3,209,000</u>
Total expenditures	<u>-</u>	<u>4,432,679</u>	<u>8,159,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>4,432,679</u>	<u>8,159,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on October 26, 2004.

At an election held on November 2, 2004, the voters approved general obligation indebtedness of \$9,900,000 for street improvements. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,100,000 for water and storm drainage. The voters also approved an annual increase in taxes of \$50,000, at a mill levy rate not to exceed one mill, for general operations and maintenance. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20, of the Colorado constitution. Pursuant to the District's operating plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills. As set forth in the District's 2005 operating plan, the City has limited the amount of debt to be issued to a total of \$9,900,000 in the authorized voted categories, without future approval by the City. On November 6, 2018, the District's electors authorized additional indebtedness of \$25,000,000 for water improvements, \$25,000,000 for sanitary sewer improvements, \$25,000,000 for street improvements, \$25,000,000 for traffic and safety improvements, \$25,000,000 for park and recreation improvements, \$25,000,000 for transportation improvements, \$25,000,000 for security improvements, \$25,000,000 for operations and maintenance, \$25,000,000 for refinancing debt, and \$25,000,000 for reimbursement agreements.

Per the approval of the City Council on October 23, 2018, the amount of authorized debt has been increased from \$13,000,000 to \$25,000,000.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

Revenues

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.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Property Taxes (Continued)

The calculation of the taxes levied is displayed on the property tax summary information page using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

PIF Fees

The District charges public improvement fees (PIF). The nature of the PIF is that of a fee imposed under private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods at a rate of 1.25%.

Developer Advance

Developer advances are expected to fund a portion of capital project fund expenditures. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to issue bonds to reimburse the Developer.

Bond Issuance

The District anticipates issuing a general obligation fill-up bond of approximately \$13,000,000 in 2020 with approximately \$4,950,000 in draws in order to fund capital improvements for the District. Bond terms and interest rate have yet to be determined.

Expenditures

Administrative Expenditures

Administrative and operating expenditures include the services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

County Treasurer's Fees

Anticipated County Treasurer's collection fees have been computed at 1.5% of property taxes.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (Continued)

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt Service

Principal and interest payments in 2020 are provided based upon the debt amortization schedules of the Series 2010 General Obligation Bonds and the Series 2016 Limited Tax General Obligation Bonds.

Debt and Leases

On December 3, 2010, the District issued \$6,500,000 in General Obligation Bonds. The Bonds mature on December 1, 2040, and bear an interest rate of 8.5% paid annually on December 1. The first interest payment was due on December 1, 2011. At the option of the District, on any date, the bonds are subject to redemption prior to maturity without redemption premium. The proceeds from the Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

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

The District's current debt service schedule is attached. The District has no capital or operational leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020, as defined under TABOR.

This information is an integral part of the accompanying budget.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

	\$6,500,000		\$4,765,000		Total All Bonds
	Series 2010 General Obligation Refunding Bonds Dated December 3, 2010 Interest Rate 8.50%		Series 2016 Limited Tax General Obligation Bonds Dated June 8, 2016 Interest Rate 6.50%		
	Principal and Interest Due December 1		Principal and Interest Due December 1		
	Principal	Interest	Principal	Interest	
2020	\$ 120,000	\$ 498,525	\$ 30,000	\$ 302,900	\$ 951,425
2021	130,000	488,325	30,000	300,950	949,275
2022	140,000	477,275	35,000	299,000	951,275
2023	150,000	465,375	35,000	296,725	947,100
2024	165,000	452,625	40,000	294,450	952,075
2025	180,000	438,600	40,000	291,850	950,450
2026	195,000	423,300	45,000	289,250	952,550
2027	210,000	406,725	45,000	286,325	948,050
2028	230,000	388,875	50,000	283,400	952,275
2029	250,000	369,325	50,000	280,150	949,475
2030	270,000	348,075	55,000	276,900	949,975
2031	290,000	325,125	60,000	273,325	948,450
2032	315,000	300,475	60,000	269,425	944,900
2033	345,000	273,700	70,000	265,525	954,225
2034	375,000	244,375	70,000	260,975	950,350
2035	405,000	212,500	70,000	256,425	943,925
2036	355,000	178,075	165,000	251,875	949,950
2037	385,000	147,900	180,000	241,150	954,050
2038	415,000	115,175	185,000	229,450	944,625
2039	450,000	79,900	200,000	217,425	947,325
2040	490,000	41,650	210,000	204,425	946,075
2041	-	-	515,000	190,775	705,775
2042	-	-	550,000	157,300	707,300
2043	-	-	585,000	121,550	706,550
2044	-	-	620,000	83,525	703,525
2045	-	-	665,000	43,225	708,225
	\$ 5,865,000	\$ 6,675,900	\$ 4,660,000	\$ 6,268,275	\$ 23,469,175

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