

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT  
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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Interquest South 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 South 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 1, 2024

## **BASIC FINANCIAL STATEMENTS**

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

|                                       | Governmental<br>Activities |
|---------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                            |
| Cash and Investments                  | \$ 81,331                  |
| Cash and Investments - Restricted     | 532,040                    |
| Receivable - County Treasurer         | 1,318                      |
| Receivable - PIF                      | 44,184                     |
| Prepaid Insurance                     | 2,194                      |
| Property Taxes Receivable             | 216,350                    |
| Capital Assets, Not Being Depreciated | 865,977                    |
| Capital Assets, Net                   | 2,187,727                  |
| Total Assets                          | 3,931,121                  |
| <b>LIABILITIES</b>                    |                            |
| Accounts Payable                      | 20,741                     |
| Accrued Interest Payable              | 15,535                     |
| Noncurrent Liabilities:               |                            |
| Due Within One Year                   | 65,000                     |
| Due in More Than One Year             | 4,656,299                  |
| Total Liabilities                     | 4,757,575                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |
| Property Tax Revenue                  | 216,350                    |
| Total Deferred Inflows of Resources   | 216,350                    |
| <b>NET POSITION</b>                   |                            |
| Net Investment in Capital Assets      | (131,267)                  |
| Restricted for:                       |                            |
| Emergency Reserves                    | 6,400                      |
| Debt Service                          | 254,226                    |
| Unrestricted                          | (1,172,163)                |
| Total Net Position                    | \$ (1,042,804)             |

See accompanying Notes to Basic Financial Statements.

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

|   |            | Program Revenues           |  |  | Net Revenue<br>(Expense) and<br>Changes in<br>Net Position |
|---|------------|----------------------------|--|--|--|
| FUNCTIONS/PROGRAMS                              | Expenses   | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                 |
| Primary Government:                             |            |                            |  |  |  |
| Government Activities:                          |            |                            |  |  |  |
| General Government                              | \$ 259,014 | \$ -                       | \$ -                                     | \$ -                                   | \$ (259,014)   |
| Interest on Long-Term Debt<br>and Related Costs | 244,382    | -                          | -  | -                                      | (244,382)  |
| Total Governmental Activities                   | \$ 503,396 | \$ -                       | \$ -                                     | \$ -                                   | (503,396)  |
| <b>GENERAL REVENUES</b>                         |            |                            |  |  |  |
| Property Taxes                                  |            |                            |  |  | 163,820  |
| Specific Ownership Taxes                        |            |                            |  |  | 17,159   |
| Public Improvement Fees                         |            |                            |  |  | 410,409  |
| Net Investment Income                           |            |                            |  |  | 28,051   |
| Reimbursed Expenditures                         |            |                            |  |  | 11,114   |
| Other revenues                                  |            |                            |  |  | 20,327   |
| Total General Revenues                          |            |                            |  |  | 650,880  |
| <b>CHANGES IN NET POSITION</b>                  |            |                            |  |  |  |
| Net Position - Beginning of Year                |            |                            |  |  | (1,190,288)  |
| <b>NET POSITION - END OF YEAR</b>               |            |                            |  |  |  |
|   |            |                            |  |  | \$ (1,042,804)   |

See accompanying Notes to Basic Financial Statements.



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

|  | General    | Debt<br>Service | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|------------|-----------------|---------------------|--------------------------------|
| <b>ASSETS</b>  |            |                 |                     |                                |
| Cash and Investments   | \$ 81,331  | \$ -            | \$ -                | \$ 81,331                      |
| Cash and Investments - Restricted  | 6,400      | 525,577         | 63                  | 532,040                        |
| Accounts Receivable - County Treasurer                                   | 1,318      | -               | -                   | 1,318                          |
| Receivable - PIF   | -          | 44,184          | -                   | 44,184                         |
| Prepaid Insurance  | 2,194      | -               | -                   | 2,194                          |
| Property Taxes Receivable  | 36,058     | 180,292         | -                   | 216,350                        |
| Total Assets   | \$ 127,301 | \$ 750,053      | \$ 63               | \$ 877,417                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> |            |                 |                     |                                |
| <b>LIABILITIES</b>   |            |                 |                     |                                |
| Accounts Payable   | \$ 20,741  | \$ -            | \$ -                | \$ 20,741                      |
| Total Liabilities  | 20,741     | -               | -                   | 20,741                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |            |                 |                     |                                |
| Property Tax Revenue   | 36,058     | 180,292         | -                   | 216,350                        |
| Total Deferred Inflows of Resources                                      | 36,058     | 180,292         | -                   | 216,350                        |
| <b>FUND BALANCES</b>   |            |                 |                     |                                |
| Nonspendable:  |            |                 |                     |                                |
| Prepaid Expenses   | 2,194      | -               | -                   | 2,194                          |
| Restricted for:  |            |                 |                     |                                |
| Emergency Reserves (TABOR)   | 6,400      | -               | -                   | 6,400                          |
| Debt Service   | -          | 569,761         | -                   | 569,761                        |
| Capital Projects   | -          | -               | 63                  | 63                             |
| Assigned to:   |            |                 |                     |                                |
| Subsequent Year's Expenditures   | 16,266     | -               | -                   | 16,266                         |
| Unassigned   | 45,642     | -               | -                   | 45,642                         |
| Total Fund Balances  | 70,502     | 569,761         | 63                  | 640,326                        |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances   | \$ 127,301 | \$ 750,053      | \$ 63               |                                |

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 | 865,977   |
| Capital Assets, Net                   | 2,187,727 |

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                                | (3,785,000) |
| Accrued Interest Payable - Bonds             | (15,535)    |
| Developer Advance                            | (710,540)   |
| Accrued Interest Payable - Developer Advance | (225,759)   |

|   |                |
|---|----------------|
| Net Position of Governmental Activities | \$ (1,042,804) |
|---|----------------|

See accompanying Notes to Basic Financial Statements.

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

|   | General          | Debt<br>Service   | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|------------------|-------------------|---------------------|--------------------------------|
| <b>REVENUES</b>   |                  |                   |                     |                                |
| Property Taxes  | \$ 27,303        | \$ 136,517        | \$ -                | \$ 163,820                     |
| Specific Ownership Taxes                                | 17,159           | -                 | -                   | 17,159                         |
| Public Improvement Fees                                 | -                | 410,409           | -                   | 410,409                        |
| Net Investment Income                                   | 32               | 28,015            | 4                   | 28,051                         |
| Reimbursed Expenditures                                 | 11,114           | -                 | -                   | 11,114                         |
| Other revenues  | 20,327           | -                 | -                   | 20,327                         |
| Total Revenues  | <u>75,935</u>    | <u>574,941</u>    | <u>4</u>            | <u>650,880</u>                 |
| <b>EXPENDITURES</b>                                     |                  |                   |                     |                                |
| General/Administration:                                 |                  |                   |                     |                                |
| Accounting  | 33,305           | -                 | -                   | 33,305                         |
| Audit   | 4,550            | -                 | -                   | 4,550                          |
| County Treasurer's Fees                                 | 410              | 2,049             | -                   | 2,459                          |
| Dues  | 2,158            | -                 | -                   | 2,158                          |
| Elections   | 691              | -                 | -                   | 691                            |
| Insurance   | 2,136            | -                 | -                   | 2,136                          |
| Legal   | 9,502            | -                 | -                   | 9,502                          |
| Management  | 39,947           | -                 | -                   | 39,947                         |
| Miscellaneous   | 1,746            | -                 | -                   | 1,746                          |
| PIF Collection Fees                                     | 10,380           | -                 | -                   | 10,380                         |
| Operations/Maintenance:                                 |                  |                   |                     |                                |
| Landscaping   | 15,536           | -                 | -                   | 15,536                         |
| Repairs and Maintenance                                 | 1,308            | -                 | -                   | 1,308                          |
| Snow Removal  | 1,622            | -                 | -                   | 1,622                          |
| Utilities   | 10,210           | -                 | -                   | 10,210                         |
| Debt Service:   |                  |                   |                     |                                |
| Bond Principal - Series 2017                            | -                | 55,000            | -                   | 55,000                         |
| Bond Interest - Series 2017                             | -                | 188,900           | -                   | 188,900                        |
| Paying Agent Fees                                       | -                | 3,500             | -                   | 3,500                          |
| Total Expenditures                                      | <u>133,501</u>   | <u>249,449</u>    | <u>-</u>            | <u>382,950</u>                 |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (57,566)         | 325,492           | 4                   | 267,930                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                  |                   |                     |                                |
| Transfers from (to) Other Funds                         | 135,000          | (135,000)         | -                   | -                              |
| Total Other Financing Sources (Uses)                    | <u>135,000</u>   | <u>(135,000)</u>  | <u>-</u>            | <u>-</u>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                      | 77,434           | 190,492           | 4                   | 267,930                        |
| Fund Balances (Deficit) - Beginning of Year             | <u>(6,932)</u>   | <u>379,269</u>    | <u>59</u>           | <u>372,396</u>                 |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ 70,502</u> | <u>\$ 569,761</u> | <u>\$ 63</u>        | <u>\$ 640,326</u>              |

See accompanying Notes to Basic Financial Statements.

**INTERQUEST SOUTH 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 | \$ | 267,930 |
|--|----|---------|

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:

|                      |  |           |
|----------------------|--|-----------|
| Depreciation Expense |  | (119,964) |
|----------------------|--|-----------|

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 Principal Payment |  | 55,000 |
|------------------------|--|--------|

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      |  | 207      |
| Accrued Interest on Developer Advances - Change in Liability |  | (55,689) |
|  |  | (55,482) |

|   |    |         |
|---|----|---------|
| Change in Net Position of Governmental Activities | \$ | 147,484 |
|---|----|---------|

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

|   | Original<br>and Final<br>Budget | Actual<br>Amounts       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------------|---|
| <b>REVENUES</b>   |                                 |                         |   |
| Property Taxes  | \$ 27,318                       | \$ 27,303               | \$ (15)   |
| Specific Ownership Taxes                                | 16,391                          | 17,159                  | 768   |
| Net Investment Income                                   | -                               | 32                      | 32  |
| Reimbursed Expenditures                                 | -                               | 11,114                  | 11,114  |
| Other revenues  | -                               | 20,327                  | 20,327  |
| Total Revenues  | <u>43,709</u>                   | <u>75,935</u>           | <u>32,226</u>   |
| <b>EXPENDITURES</b>                                     |                                 |                         |   |
| General/Administration:                                 |                                 |                         |   |
| Accounting  | 34,500                          | 33,305                  | 1,195   |
| Audit   | 4,500                           | 4,550                   | (50)  |
| County Treasurer's Fees                                 | 410                             | 410                     | -   |
| Dues  | 1,500                           | 2,158                   | (658)   |
| Elections   | 3,500                           | 691                     | 2,809   |
| Insurance   | 2,200                           | 2,136                   | 64  |
| Legal   | 10,000                          | 9,502                   | 498   |
| Management  | 25,000                          | 39,947                  | (14,947)  |
| Miscellaneous   | 2,000                           | 1,746                   | 254   |
| PIF Collection Expense                                  | 11,500                          | 10,380                  | 1,120   |
| Operations/Maintenance:                                 |                                 |                         |   |
| Landscaping   | 15,000                          | 15,536                  | (536)   |
| Miscellaneous   | 1,500                           | -                       | 1,500   |
| Repairs and Maintenance                                 | 7,500                           | 1,308                   | 6,192   |
| Snow Removal  | 12,000                          | 1,622                   | 10,378  |
| Utilities   | 27,500                          | 10,210                  | 17,290  |
| Contingency   | 2,391                           | -                       | 2,391   |
| Total Expenditures                                      | <u>161,001</u>                  | <u>133,501</u>          | <u>27,500</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(117,292)</b>                | <b>(57,566)</b>         | <b>59,726</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                         |   |
| Transfers from (to) Other Funds                         | <u>135,000</u>                  | <u>135,000</u>          | <u>-</u>  |
| Total Other Financing Sources                           | <u>135,000</u>                  | <u>135,000</u>          | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>17,708</b>                   | <b>77,434</b>           | <b>59,726</b>   |
| Fund Balances (Deficit) - Beginning of year             | <u>11,403</u>                   | <u>(6,932)</u>          | <u>(18,335)</u>   |
| <b>FUND BALANCES - END OF YEAR</b>                      | <b><u>\$ 29,111</u></b>         | <b><u>\$ 70,502</u></b> | <b><u>\$ 41,391</u></b>                                 |

See accompanying Notes to Basic Financial Statements.

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

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Interquest South 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 SOUTH 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 and specific ownership 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 fund:

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.

The Capital Projects Fund was established to account for financial resources to be used for the acquisition and construction of capital infrastructure and facilities.

**INTERQUEST SOUTH 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.

**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.

**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 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., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities 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.

**INTERQUEST SOUTH 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:

|                      |          |
|----------------------|----------|
| Street Improvements  | 30 Years |
| Parks and Recreation | 30 Years |
| Parking Improvements | 10 Years |

**Deferred Inflows of Resources**

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

**Equity**

**Net Position**

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

**Fund Balance**

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

**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              | \$ 81,331  |
| Cash and Investments - Restricted | 532,040    |
| Total Cash and Investments        | \$ 613,371 |

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

|                                      |            |
|--------------------------------------|------------|
| Deposits with Financial Institutions | \$ 17,983  |
| Investments                          | 595,388    |
| Total Cash and Investments           | \$ 613,371 |

**INTERQUEST SOUTH 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 and carrying balance of \$17,983.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

**INTERQUEST SOUTH 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<br>Liquid Asset Trust (COLOTRUST) | Weighted-Average<br>Under 60 Days | \$ 595,388    |

**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 Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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 Fitch Ratings. 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 SOUTH 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 -<br>December 31,<br>2022 | Increases           | Decreases   | Balance -<br>December 31,<br>2023 |
|--|-----------------------------------|---------------------|-------------|-----------------------------------|
| <b>Governmental Activities:</b>                |                                   |                     |             |                                   |
| Capital Assets, Not Being Depreciated:         |                                   |                     |             |                                   |
| Land   | \$ 865,977                        | \$ -                | \$ -        | \$ 865,977                        |
| Total Capital Assets,<br>Not Being Depreciated | 865,977                           | -                   | -           | 865,977                           |
| Capital Assets, Being Depreciated:             |                                   |                     |             |                                   |
| Parking Lot                                    | 620,681                           | -                   | -           | 620,681                           |
| Streets  | 1,734,115                         | -                   | -           | 1,734,115                         |
| Park and Recreation                            | 2,880                             | -                   | -           | 2,880                             |
| Total Capital Assets,<br>Being Depreciated     | 2,357,676                         | -                   | -           | 2,357,676                         |
| Less Accumulated Depreciation for:             |                                   |                     |             |                                   |
| Parking Lot                                    | 25,860                            | 62,064              | -           | 87,924                            |
| Streets  | 24,085                            | 57,804              | -           | 81,889                            |
| Park and Recreation                            | 40                                | 96                  | -           | 136                               |
| Total Accumulated<br>Depreciation              | 49,985                            | 119,964             | -           | 169,949                           |
| Total Capital Assets Being<br>Depreciated, Net | 2,307,691                         | (119,964)           | -           | 2,187,727                         |
| Capital Assets, Net                            | <u>\$ 3,173,668</u>               | <u>\$ (119,964)</u> | <u>\$ -</u> | <u>\$ 3,053,704</u>               |

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

|  |                   |
|--|-------------------|
| Governmental Activities:                             |                   |
| General Government                                   | \$ 119,964        |
| Total Depreciation Expense - Governmental Activities | <u>\$ 119,964</u> |

**INTERQUEST SOUTH 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 -<br>December 31,<br>2022 | Additions        | Retirements      | Balance -<br>December 31,<br>2023 | Due Within<br>One Year |
|--------------------------|-----------------------------------|------------------|------------------|-----------------------------------|------------------------|
| Governmental Activities: |                                   |                  |                  |                                   |                        |
| Bonds Payable:           |                                   |                  |                  |                                   |                        |
| Series 2017 Revenue      |                                   |                  |                  |                                   |                        |
| Bonds                    | \$ 3,840,000                      | \$ -             | \$ 55,000        | \$ 3,785,000                      | \$ 65,000              |
| Bond Payable             |                                   |                  |                  |                                   |                        |
| Subtotal                 | 3,840,000                         | -                | 55,000           | 3,785,000                         | 65,000                 |
| Notes/Loans/Bonds from   |                                   |                  |                  |                                   |                        |
| Direct Borrowings and    |                                   |                  |                  |                                   |                        |
| Direct Placements:       |                                   |                  |                  |                                   |                        |
| Developer Advances:      |                                   |                  |                  |                                   |                        |
| Norwood                  | 16,000                            | -                | -                | 16,000                            | -                      |
| COPT                     | 99,400                            | -                | -                | 99,400                            | -                      |
| Chalon                   | 595,140                           | -                | -                | 595,140                           | -                      |
| Interest on Advances:    |                                   |                  |                  |                                   |                        |
| Norwood                  | 17,500                            | 1,120            | -                | 18,620                            | -                      |
| COPT                     | 81,569                            | 6,958            | -                | 88,527                            | -                      |
| Chalon                   | 71,001                            | 47,611           | -                | 118,612                           | -                      |
| Loans and Notes          |                                   |                  |                  |                                   |                        |
| Payable Subtotal         | 880,610                           | 55,689           | -                | 936,299                           | -                      |
| Total Long-Term          |                                   |                  |                  |                                   |                        |
| Obligations              | <u>\$ 4,720,610</u>               | <u>\$ 55,689</u> | <u>\$ 55,000</u> | <u>\$ 4,721,299</u>               | <u>\$ 65,000</u>       |

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

**Revenue Bonds**

On December 19, 2017, the District issued \$4,000,000 in Series 2017 Limited Property Tax and Public Improvement Fee Revenue Bonds (the Bonds) to fund public improvements, pay bond issue costs, fund an initial deposit to the Surplus Fund, and fund capitalized interest. The Bonds bear interest ranging from 4.5% to 5.0% paid semi-annually on June 1 and December 1, beginning June 1, 2018. Principal on the Bonds is due on December 1, beginning on December 1, 2019. The Bonds mature on December 1, 2047. The Bonds are secured by and payable solely from pledged revenues, after the Annual Operations Deduction Amount and net of the cost of collection, consisting of (1) revenues attributable to a privately imposed public improvement fee payable with respect to certain retail sales transactions and construction activities occurring within the development, (2) revenues attributable to property taxes derived from an initial required mill levy of 5.000 mills, up to an estimated maximum of 30.000 mills, and (3) any other legally available monies which the District determines, in its absolute discretion, to credit to the Bond Fund. The Bonds are also secured by a Surplus Fund up to a maximum of \$700,000. The Annual Operations Deduction Amount is an amount equal to: (i) for the Bond Year ended December 1, 2017, \$-0-; (ii) for each of the Bond Years ended December 1, 2018, December 1, 2019, and December 1, 2020, \$50,000; (iii) for the Bond Year ended December 1, 2021, \$135,000; and (iv) for each Bond Year thereafter, the dollar amount for the prior year plus 1.00%.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Revenue Bonds (Continued)**

Optional Redemption of the Revenue Bonds

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2022, 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:

| Date of Redemption                     | Redemption<br>Premium |
|--|-----------------------|
| December 1, 2022, to November 30, 2023 | 3.00%                 |
| December 1, 2023, to November 30, 2024 | 2.00%                 |
| December 1, 2024, to November 30, 2025 | 1.00%                 |
| December 1, 2025, and thereafter       | 0.00%                 |

The Bonds maturing on December 1, 2030 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2019, and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium.

Events of Default for the Revenue 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 indenture;
- ii. The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the indenture or bond resolution and fails to remedy the same after notice thereof pursuant to the indenture.
- 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.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Revenue Bonds (Continued)**

**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. Receivership: Appoint a receiver of the Trust Estate and possess and control and cash, securities or other instruments held by it under the Indenture.
- ii. Suit for Judgment: The Trustee may file a suit or action to protect and enforce its rights and the rights of the Owners.
- iii. Mandamus or Other Suit: The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

**No Acceleration**

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

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

The District's bonds mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|---------------------------------|---------------------|---------------------|---------------------|
| 2024                            | \$ 65,000           | \$ 186,425          | \$ 251,425          |
| 2025                            | 70,000              | 183,500             | 253,500             |
| 2026                            | 75,000              | 180,350             | 255,350             |
| 2027                            | 80,000              | 176,975             | 256,975             |
| 2028                            | 85,000              | 173,375             | 258,375             |
| 2029-2033                       | 530,000             | 801,800             | 1,331,800           |
| 2034-2038                       | 750,000             | 650,000             | 1,400,000           |
| 2039-2043                       | 1,035,000           | 435,750             | 1,470,750           |
| 2044-2047                       | 1,095,000           | 141,000             | 1,236,000           |
| Total                           | <u>\$ 3,785,000</u> | <u>\$ 2,929,175</u> | <u>\$ 6,714,175</u> |

**Developer Advances**

The District entered into a Reimbursement Agreement (Agreement) with the former developer, Development Management, Inc., whereby the District agreed to reimburse Development Management, Inc. for operational advances made on behalf of the District. The District agreed to repay Development Management, Inc. along with accrued interest at a rate of 7%. Interest is to begin accruing on the first day of the following year in which the advances were made. The Agreement does not constitute a multiple-fiscal year obligation. As of December 31, 2023, outstanding advances made by Norwood totaled \$16,000 and accumulated accrued interest totaled \$18,620.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances (Continued)**

The District entered into a Reimbursement Agreement (Agreement) with COPT Interquest, LLC (former Developer) whereby the District agrees to reimburse the former Developer for operational advances made on behalf of the District. The District agreed to repay the former 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. As of December 31, 2023, outstanding former Developer advances totaled \$99,400 and accumulated accrued interest totaled \$88,527.

Effective January 1, 2016, the District entered into a Reimbursement Agreement (Agreement) with Chalon Properties, Inc. (Developer) (see Note 7) whereby the District agrees to reimburse the Developer for operational advances made on behalf of the District. The District agrees to repay the Developer along with accrued interest at a rate of 8% simple interest beginning on the date of the advance to the date of repayment. The Agreement does not constitute a multiple-fiscal year obligation. As of December 31, 2023, outstanding Developer advances totaled \$595,140 and accumulated accrued interest totaled \$118,612.

**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 \$24,000,000 at an interest rate not to exceed 12% per annum. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,500,000 at an interest rate not to exceed 12% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

|                | <u>Authorized<br/>November 2,<br/>2004 Election</u> | <u>Authorized<br/>November 1,<br/>2005 Election</u> | <u>Authorization<br/>Used - Series<br/>2017 Bonds</u> | <u>Remaining at<br/>December 31,<br/>2022</u> |
|----------------|---|---|---|---|
| Streets        | \$ 24,000,000                                       | \$ -  | \$ 3,692,133  | \$ 20,307,867                                 |
| Water          | -   | 2,000,000   | 183,123   | 1,816,877                                     |
| Sanitary Sewer | -   | 1,500,000   | 124,744   | 1,375,256                                     |
| Total          | <u>\$ 24,000,000</u>                                | <u>\$ 3,500,000</u>                                 | <u>\$ 4,000,000</u>                                   | <u>\$ 23,500,000</u>                          |

As set forth in the District's 2006 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$24,000,000 without future approval by the City.

In the future, the District may issue a portion of all the remaining authorized but unissued general obligation debt, subject to City limitation, for purposes of providing public improvements to support development as it occurs within the District's service area.



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

**NOTE 6 NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding 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                                     | \$ 3,053,704        |
| Add:  |                     |
| Unspent Portion of Bond Proceeds                        | 63                  |
| Surplus Fund of Bond Proceeds                           | 274,178             |
| Deduct:   |                     |
| Current Portion of Outstanding Long-Term Obligations    | (59,405)            |
| Noncurrent Portion of Outstanding Long-Term Obligations | (3,399,807)         |
| Net Investment in Capital Assets                        | <u>\$ (131,267)</u> |

Restricted net position includes 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 restricted net position as of December 31, 2023, as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Restricted Net Position:         |                   |
| Emergency Reserves (see Note 10) | \$ 6,400          |
| Debt Service (see Note 5)        | 254,226           |
| Total Restricted Net Position    | <u>\$ 260,626</u> |

The District has a deficit unrestricted net position. This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements, a portion of which will be conveyed to other governments, and for the repayment of Developer advances for operations.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Chalon Properties, Inc. Certain members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

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

**NOTE 8 AGREEMENTS**

Landscape Maintenance and Easement Agreement

On May 12, 2021, the District entered into a landscape maintenance and easement agreements with InterQuest Owner's Association (the Association) to reimburse the District 50% of the monthly invoices for utilities to the District within 30 days of receipt of an invoice. During 2023, the District received \$14,450 from the Association.

**NOTE 9 INTERFUND TRANSFERS**

The transfer from the Debt Service Fund to the General Fund was to pay for Operating and Maintenance expenditures of public improvements.

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

**NOTE 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.

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

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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 2, 2004, the District's voters authorized the District to increase property taxes \$60,000 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 return all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

## **SUPPLEMENTARY INFORMATION**

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
DECEMBER 31, 2023**

|   | Original<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>                                 |                                 |                   |   |
| Property Taxes                                  | \$ 136,594                      | \$ 136,517        | \$ (77)   |
| Public Improvement Fees                         | 275,000                         | 410,409           | 135,409   |
| Net Investment Income                           | 3,500                           | 28,015            | 24,515  |
| Total Revenues                                  | 415,094                         | 574,941           | 159,847   |
| <b>EXPENDITURES</b>                             |                                 |                   |   |
| Current:  |                                 |                   |   |
| County Treasurer's Fee                          | 2,049                           | 2,049             | -   |
| Bond Interest - Series 2017                     | 188,900                         | 188,900           | -   |
| Bond Principal - Series 2017                    | 55,000                          | 55,000            | -   |
| Paying Agent Fees                               | 3,500                           | 3,500             | -   |
| Contingency                                     | 1,554                           | -                 | 1,554   |
| Total Expenditures                              | 251,003                         | 249,449           | 1,554   |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 164,091                         | 325,492           | 161,401   |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                                 |                   |   |
| Transfers from (to) Other Funds                 | (135,000)                       | (135,000)         | -   |
| Total Other Financing Uses                      | (135,000)                       | (135,000)         | -   |
| <b>NET CHANGE IN FUND BALANCES</b>              | 29,091                          | 190,492           | 161,401   |
| Fund Balances - Beginning of Year               | 372,833                         | 379,269           | 6,436   |
| <b>FUND BALANCES - END OF YEAR</b>              | \$ 401,924                      | \$ 569,761        | \$ 167,837  |

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT  
CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
DECEMBER 31, 2023**

|                                    | Original<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|---------------------------------|-------------------|---|
| <b>REVENUES</b>                    |                                 |                   |   |
| Net Investment Income              | \$ -                            | \$ 4              | \$ 4  |
| Total Revenues                     | -                               | 4                 | 4   |
| <b>EXPENDITURES</b>                |                                 |                   |   |
| Capital Improvements               | -                               | -                 | -   |
| Total Expenditures                 | -                               | -                 | -   |
| <b>NET CHANGE IN FUND BALANCES</b> | -                               | 4                 | 4   |
| Fund Balances - Beginning of Year  | -                               | 59                | 59  |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>                     | <u>\$ 63</u>      | <u>\$ 63</u>  |

## **OTHER INFORMATION**

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

\$4,000,000  
Limited Property Tax and Public  
Improvement Fee Revenue Bonds  
Series 2017  
Dated December 19, 2017  
Interest Rate 4.5% - 5.0%  
Interest Due June 1 and December 1  
Principal due December 1

| <u>Year Ending December 31,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total<br/>All Bonds</u> |
|---------------------------------|---------------------|---------------------|----------------------------|
| 2024                            | \$ 65,000           | \$ 186,425          | \$ 251,425                 |
| 2025                            | 70,000              | 183,500             | 253,500                    |
| 2026                            | 75,000              | 180,350             | 255,350                    |
| 2027                            | 80,000              | 176,975             | 256,975                    |
| 2028                            | 85,000              | 173,375             | 258,375                    |
| 2029                            | 90,000              | 169,550             | 259,550                    |
| 2030                            | 100,000             | 165,500             | 265,500                    |
| 2031                            | 105,000             | 161,000             | 266,000                    |
| 2032                            | 115,000             | 155,750             | 270,750                    |
| 2033                            | 120,000             | 150,000             | 270,000                    |
| 2034                            | 130,000             | 144,000             | 274,000                    |
| 2035                            | 140,000             | 137,500             | 277,500                    |
| 2036                            | 150,000             | 130,500             | 280,500                    |
| 2037                            | 160,000             | 123,000             | 283,000                    |
| 2038                            | 170,000             | 115,000             | 285,000                    |
| 2039                            | 180,000             | 106,500             | 286,500                    |
| 2040                            | 195,000             | 97,500              | 292,500                    |
| 2041                            | 205,000             | 87,750              | 292,750                    |
| 2042                            | 220,000             | 77,500              | 297,500                    |
| 2043                            | 235,000             | 66,500              | 301,500                    |
| 2044                            | 250,000             | 54,750              | 304,750                    |
| 2045                            | 265,000             | 42,250              | 307,250                    |
| 2046                            | 280,000             | 29,000              | 309,000                    |
| 2047                            | 300,000             | 15,000              | 315,000                    |
| Total                           | <u>\$ 3,785,000</u> | <u>\$ 2,929,175</u> | <u>\$ 6,714,175</u>        |



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

| Year Ended<br>December 31,                               | Prior<br>Year Assessed<br>Valuation for<br>Current Year<br>Tax Levy | Mills<br>Levied | Total Property Taxes |                | Percent<br>Collected<br>to Levied |
|--|---|-----------------|----------------------|----------------|-----------------------------------|
|  |   |                 | Levied               | Collected      |                                   |
| 2019   | \$ 17,037,320   | 6.308           | \$ 107,471           | \$ 107,275 (1) | 99.82 %                           |
| 2020   | 22,159,120  | 6.000           | 132,955              | 132,317        | 99.52                             |
| 2021   | 23,064,610  | 6.000           | 138,388              | 137,132        | 99.09                             |
| 2022   | 26,055,480  | 6.000           | 156,333              | 155,373        | 99.39                             |
| 2023   | 27,318,720  | 6.000           | 163,912              | 163,820        | 99.94                             |
| Estimated for<br>the Year Ending<br>December 31,<br>2024 | \$ 36,058,320   | 6.000           | \$ 216,350           |                |                                   |

Notes:

(1) Includes a levy of 0.308 for 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.