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Accountant's Compilation Report

Board of Directors
Interquest Town Center BID

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Interquest Town Center BID 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 differences 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 Town Center BID.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 27, 2020



An independent member of Nexia International

**INTERQUEST TOWN CENTER BID
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 3,000
REVENUES			
Property taxes	-	-	54,609
Specific ownership taxes	-	-	6,007
Developer advance	-	29,000	5,059,915
Bond issuance	-	-	4,000,000
Public Improvement fees	-	3,000	15,000
Total revenues	-	32,000	9,135,531
TRANSFERS IN	-	-	353,000
Total funds available	-	32,000	9,491,531
EXPENDITURES			
General Fund	-	26,500	75,318
Debt Service Fund	-	-	181,750
Capital Projects Fund	-	2,500	8,650,000
Total expenditures	-	29,000	8,907,068
TRANSFERS OUT	-	-	353,000
Total expenditures and transfers out requiring appropriation	-	29,000	9,260,068
ENDING FUND BALANCES	\$ -	\$ 3,000	\$ 231,463
EMERGENCY RESERVE	\$ -	\$ -	\$ 400
DEBT SERVICE RESERVE	-	-	231,063
TOTAL RESERVE	\$ -	\$ -	\$ 231,463

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

**INTERQUEST TOWN CENTER BID
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Vacant land	\$ -	\$ 827,300	\$ 1,213,530
Certified Assessed Value	<u>\$ -</u>	<u>\$ 827,300</u>	<u>\$ 1,213,530</u>
MILL LEVY			
General	0.000	0.000	5.000
Debt Service	0.000	0.000	40.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>45.000</u>
PROPERTY TAXES			
General	\$ -	\$ -	\$ 6,068
Debt Service	-	-	48,541
Levied property taxes	<u>-</u>	<u>-</u>	<u>54,609</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,609</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ 6,068
Debt Service	-	-	48,541
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,609</u>

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

**INTERQUEST TOWN CENTER BID
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	6,068
Specific ownership taxes	-	-	6,007
Developer advance	-	26,500	59,915
Total revenues	<u>-</u>	<u>26,500</u>	<u>71,990</u>
Total funds available	<u>-</u>	<u>26,500</u>	<u>71,990</u>
EXPENDITURES			
General and administrative			
Accounting	-	7,000	15,000
Audit	-	-	4,500
County treasurer fee's	-	-	91
Election expense	-	-	2,000
Insurance and bonds	-	2,500	2,500
District management	-	-	1,500
Legal services	-	15,000	15,000
Miscellaneous	-	2,000	1,999
Contingency	-	-	16,500
Utilities	-	-	5,000
Operations and maintenance			
Landscape maintenance	-	-	7,500
Total expenditures	<u>-</u>	<u>26,500</u>	<u>71,590</u>
requiring appropriation	<u>-</u>	<u>26,500</u>	<u>71,590</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>
TOTAL RESERVE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 400</u></u>

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

**INTERQUEST TOWN CENTER BID
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	48,541
Public improvement fees	-	-	15,000
Total revenues	<u>-</u>	<u>-</u>	<u>63,541</u>
TRANSFERS IN			
Transfer from other funds	<u>-</u>	<u>-</u>	<u>353,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>416,541</u>
EXPENDITURES			
General and administrative			
County treasurer fee's	-	-	728
Paying agent fees	-	-	3,000
PIF collection expense	-	-	3,000
Debt Service			
Bond interest	<u>-</u>	<u>-</u>	<u>178,750</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>185,478</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>185,478</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,063</u>
DEBT SERVICE RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,063</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,063</u>

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

**INTERQUEST TOWN CENTER BID
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 3,000
REVENUES			
Public improvement fees	-	3,000	-
Bond issuance	-	-	4,000,000
Developer advance	-	2,500	5,000,000
Total revenues	<u>-</u>	<u>5,500</u>	<u>9,000,000</u>
Total funds available	<u>-</u>	<u>5,500</u>	<u>9,003,000</u>
EXPENDITURES			
Capital Projects			
PIF collection expense	-	2,500	-
Cost of issuance	-	-	150,000
Capital Outlay	-	-	5,000,000
Repay Developer advance	-	-	3,500,000
Total expenditures	<u>-</u>	<u>2,500</u>	<u>8,650,000</u>
TRANSFERS OUT			
Transfer to other funds	<u>-</u>	<u>-</u>	<u>353,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>2,500</u>	<u>9,003,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 3,000</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 TOWN CENTER BID
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 water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. The District'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 in 2017.

At an election held on May 8, 2018, the voters approved general indebtedness of \$34,560,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. The election authorized indebtedness of \$4,800,000 each for operations and maintenance, reimbursement agreements, and debt refunding. The voters also approved an annual increase in taxes at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses and an annual increase in taxes at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's capital expenditures. 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 mill levy is 50 mills, and the maximum operating mill levy for the payment of administrative, operations and maintenance expenses is 5 mills. The maximum debt authorization for the District is \$34,560,000.

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

The District prepares its budget on the modified accrual basis of accounting, in accordance with 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 differences may be material.

**INTERQUEST TOWN CENTER BID
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget 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.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Bond Issuance

The District anticipates issuing general obligation bonds. Bond proceeds will be used to pay infrastructure costs, bond issue costs and capitalized interest. Significant terms of the bond issuance will be determined at the time of issuance

Public Improvement Fees

The District charges a public improvement fee (PIF). The nature of the PIF is that 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 and services at a rate of 1.5% in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District and remitted to the District within 20 days after month end.

**INTERQUEST TOWN CENTER BID
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, and other administrative expenses.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District anticipates infrastructure improvements for capital outlay in 2020 include street improvements, water and wastewater improvements, and transportation projects.

Debt Service

Interest payments in 2020 are based on the proposed bond issuance and specific terms will be provided upon issuance.

Debt and Leases

The District has no operating or capital leases and intends on issuing bonds in 2020.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of fiscal year spending as defined under TABOR. Such emergency reserve is an integral part of Ending Funds Available.

This information is an integral part of the accompanying budget.