

**SW DOWNTOWN BUSINESS  
IMPROVEMENT DISTRICT  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**SW Downtown Business Improvement District**  
Colorado Springs, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of SW Downtown Business Improvement District (“District”), a component unit of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor’s Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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, 2020, and the changes in its financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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.

### *Other 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.

The supplementary 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.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
April 19, 2021

## **BASIC FINANCIAL STATEMENTS**

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 51,575
Cash and Investments - Restricted	11,420,887
Accounts Receivable	4,698
Accounts Receivable - Intergovernmental	2,569
Accounts Receivable - County Treasurer	606
Property Taxes Receivable	64,774
Prepaid Expenses	5,086
Capital Assets, Not Being Depreciated:	
Construction in Progress	17,488,770
Total Assets	29,038,965
<b>LIABILITIES</b>	
Accounts Payable	2,807,470
Accrued Bond Interest Payable	613,838
Noncurrent Liabilities:	
Due in More Than One Year	27,422,865
Total Liabilities	30,844,173
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	64,774
Total Deferred Inflows of Resources	64,774
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	2,600
Capital Projects	8,617,589
Unrestricted	(10,490,171)
Total Net Position	\$ (1,869,982)

See accompanying Notes to Basic Financial Statements.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 332,058	\$ 37,557	\$ 88,230	\$ -	\$ (206,271)
Interest and Related Costs on Long-Term Debt	1,620,740	-	-	-	(1,620,740)
Total Governmental Activities	\$ 1,952,798	\$ 37,557	\$ 88,230	\$ -	(1,827,011)
 <b>GENERAL REVENUES</b>					
Property Taxes					68,889
Specific Ownership Taxes					7,514
Net Investment Income					7,488
PIF Revenue					3,914
Total General Revenues					87,805
 <b>CHANGE IN NET POSITION</b>					(1,739,206)
Net Position - Beginning of Year					(130,776)
 <b>NET POSITION - END OF YEAR</b>					\$ (1,869,982)

See accompanying Notes to Basic Financial Statements.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 51,575	\$ -	\$ -	\$ 51,575
Cash and Investments - Restricted	2,600	38	11,418,249	11,420,887
Accounts Receivable	4,698	-	-	4,698
Accounts Receivable - Intergovernmental	1,491	1,078	-	2,569
Accounts Receivable - County Treasurer	606	-	-	606
Property Taxes Receivable	12,955	51,819	-	64,774
Prepaid Expenses	5,086	-	-	5,086
	<b>\$ 79,011</b>	<b>\$ 52,935</b>	<b>\$ 11,418,249</b>	<b>\$ 11,550,195</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,810	\$ -	\$ 2,800,660	\$ 2,807,470
Total Liabilities	6,810	-	2,800,660	2,807,470
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	12,955	51,819	-	64,774
Total Deferred Inflows of Resources	12,955	51,819	-	64,774
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expenses	5,086	-	-	5,086
Restricted:				
Emergencies (TABOR)	2,600	-	-	2,600
Debt Service	-	1,116	-	1,116
Capital Projects	-	-	8,617,589	8,617,589
Unassigned:	51,560	-	-	51,560
Total Fund Balances	59,246	1,116	8,617,589	8,677,951
	<b>\$ 79,011</b>	<b>\$ 52,935</b>	<b>\$ 11,418,249</b>	

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 in the funds.

Capital Assets, Not Being Depreciated 17,488,770

Long-term liabilities, including developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable (26,500,000)

Developer Advance Payable (335,667)

Accrued Interest Payable - Bonds (613,838)

Accrued Interest Payable - Developer Advance (587,198)

Net Position of Governmental Activities \$ (1,869,982)

See accompanying Notes to Basic Financial Statements.



**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 13,778	\$ 55,111	\$ -	\$ 68,889
Specific Ownership Taxes	7,514	-	-	7,514
Intergovernmental Revenue	22,109	66,121	-	88,230
Net Investment Income	67	618	6,803	7,488
Parking Revenue	22,557	-	-	22,557
PIF Revenue	3,914	-	-	3,914
Parking Charge - USOPM	15,000	-	-	15,000
Total Revenues	<u>84,939</u>	<u>121,850</u>	<u>6,803</u>	<u>213,592</u>
<b>EXPENDITURES</b>				
General and Administrative:				
Accounting	54,278	-	7,830	62,108
Auditing	3,534	-	-	3,534
County Treasurer's Fee	207	827	-	1,034
District Management	33,267	-	-	33,267
Dues and Licenses	1,803	-	-	1,803
Election Expense	3,633	-	-	3,633
Insurance and Bonds	16,357	-	-	16,357
Legal Services	41,523	-	66,165	107,688
Miscellaneous	1,385	-	-	1,385
PIF Collection	1,660	-	-	1,660
Operations and Maintenance:				
Equipment Acquisition	57,171	-	-	57,171
Landscaping	5,625	-	-	5,625
Parking Expense	13,128	-	-	13,128
Snow Removal	11,300	-	-	11,300
Street Repairs and Maintenance	463	-	-	463
Utilities	12,729	-	-	12,729
Debt Service				
Bond Interest - Series 2020A	-	152,829	-	152,829
Paying Agent Fees	-	5,000	-	5,000
Capital				
Bond Issue Costs	-	-	271,000	271,000
Bridges	-	-	4,102,584	4,102,584
Construction Management	-	-	655,362	655,362
Design	-	-	95,206	95,206
Engineering/Soft Costs	-	-	3,120,740	3,120,740
Equipment	-	-	63,841	63,841
Museum and Park Fees	-	-	75,000	75,000
Project Manager	-	-	159,942	159,942
Streets	-	-	8,078,335	8,078,335
Total Expenditures	<u>258,063</u>	<u>158,656</u>	<u>16,696,005</u>	<u>17,112,724</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(173,124)	(36,806)	(16,689,202)	(16,899,132)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance	-	-	26,500,000	26,500,000
Developer Advance	240,157	-	7,831,811	8,071,968
Repay Developer Advance	-	-	(8,563,855)	(8,563,855)
Transfers Between Funds	-	5,000	(5,000)	-
Total Other Financing Sources (Uses)	<u>240,157</u>	<u>5,000</u>	<u>25,762,956</u>	<u>26,008,113</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	67,033	(31,806)	9,073,754	9,108,981
Fund Balances - Beginning of Year	<u>(7,787)</u>	<u>32,922</u>	<u>(456,165)</u>	<u>(431,030)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 59,246</u>	<u>\$ 1,116</u>	<u>\$ 8,617,589</u>	<u>\$ 8,677,951</u>

See accompanying Notes to Basic Financial Statements.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 9,108,981

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

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

Capital Assets Acquired 16,351,010

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

Bond Proceeds	(26,500,000)
Developer Advance Receipts	(8,071,968)
Developer Advance Payment	8,563,855

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	(613,838)
Accrued Interest on Developer Advance	(577,246)

Change in Net Position of Governmental Activities \$ (1,739,206)

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 13,826	\$ 13,778	\$ 13,778	\$ -
Specific Ownership Taxes	7,604	7,514	7,514	-
Intergovernmental Revenue	22,128	22,128	22,109	(19)
Net Investment Income	-	67	67	-
Parking Revenue	-	22,555	22,557	2
PIF Revenue	-	3,500	3,914	414
Parking Charge - USOPM	-	15,000	15,000	-
Total Revenues	<u>43,558</u>	<u>84,542</u>	<u>84,939</u>	<u>397</u>
<b>EXPENDITURES</b>				
General and Administrative:				
Accounting	50,000	55,000	54,278	722
Auditing	2,500	3,540	3,534	6
Contingency	17,383	9,053	-	9,053
County Treasurer's Fee	207	207	207	-
District Management	15,000	33,300	33,267	33
Dues and Licenses	1,000	1,800	1,803	(3)
Election Expense	1,500	3,640	3,633	7
Insurance and Bonds	5,500	16,400	16,357	43
Legal Services	50,000	42,000	41,523	477
Miscellaneous	6,000	1,500	1,385	115
PIF Collection	-	1,660	1,660	-
Operations and Maintenance:				
Equipment Acquisition	-	57,200	57,171	29
Landscaping	-	6,000	5,625	375
Parking Expense	-	13,200	13,128	72
Snow Removal	-	11,300	11,300	-
Street Repairs and Maintenance	-	500	463	37
Utilities	-	13,700	12,729	971
Total Expenditures	<u>149,090</u>	<u>270,000</u>	<u>258,063</u>	<u>11,937</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(105,532)	(185,458)	(173,124)	12,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	106,042	240,177	240,157	(20)
Total Other Financing Sources (Uses)	<u>106,042</u>	<u>240,177</u>	<u>240,157</u>	<u>(20)</u>
<b>NET CHANGE IN FUND BALANCE</b>	510	54,719	67,033	12,314
Fund Balance - Beginning of Year	<u>800</u>	<u>800</u>	<u>(7,787)</u>	<u>(8,587)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,310</u>	<u>\$ 55,519</u>	<u>\$ 59,246</u>	<u>\$ 3,727</u>

See accompanying Notes to Basic Financial Statements.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

SW Downtown Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on October 12, 2017 and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water service, safety protection devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping, storm and wastewater management facilities, associated land acquisition, and remediation.

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 and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 due.

The District reports the following major governmental funds:

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

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

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

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2020.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

**Property Taxes**

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The 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 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.

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.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 of these components. The following classifications describe the relative strength of the spending constraints:

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

*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.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

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.

**The Urban Renewal Plan**

The Colorado Springs Urban Renewal Authority (the Authority) was formed by the Colorado Springs City Council (the City Council) on February 24, 1970. On December 11, 2018, the City Council adopted the Museum & Park Urban Renewal Plan (the Urban Renewal Plan), which established the Museum & Park Urban Renewal Area (the Urban Renewal Area). The Authority currently oversees thirteen urban renewal plans in various parts of the City, including the Urban Renewal Plan. The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for 25 years (until December 11, 2043) for the purpose of facilitating an urban renewal project. Pursuant to a Development Agreement, the Authority has agreed to remit tax increment revenues generated within the Urban Renewal Area to the District, less the Authority's administrative fee.

**Incremental Property Tax**

The District receives incremental property tax revenues from the Urban Renewal Area. Incremental property tax revenues are the property tax revenues in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Urban Renewal Area upon a valuation for assessment equal to the property tax base amount. The property tax base amount is certified by the County Assessor as the valuation for assessment of all taxable property within the Urban Renewal Area last certified by the County Assessor prior to the adoption of the Urban Renewal plan. The base amount may be proportionately adjusted for general reassessments in accordance with Colorado law.

Property taxes are levied by the various taxing entities by certification to the County Commissioners. 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. 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 incremental taxes collected monthly to the Authority.

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



**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Authority has entered into property tax sharing agreements with the following entities:

- City of Colorado Springs;
- El Paso County;
- Colorado Springs Downtown Development Authority (CSDDA) (60% of CSDDA's mill levy less 3% administrative fee);
- Colorado Springs School District 11;
- Pikes Peak Library District; and
- Southeastern Colorado Water Conservancy District.

**Incremental Sales and Use Tax**

On December 11, 2018, the Authority entered into a Cooperation Agreement with the City allowing the Authority to receive incremental sales and use tax generated within the Urban Renewal Area from (i) the City Sales Tax TIF produced by taxable sales within the Urban Renewal Area and (ii) City Use Tax TIF paid solely on construction materials used within the Urban Renewal Area. The specified portion of the increment of the 2.0% general fund municipal sales tax which is in excess of the base amount, which constitutes the "City Sales Tax TIF", is 87.5% of the 2.0% general fund municipal sales tax (i.e. 1.75%). The specified portion of the increment of the 2.0% general fund municipal use tax which is in excess of the base amount, which constitutes the "City Use Tax TIF", is 50% of the 2.0% general fund municipal use tax (i.e. 1.00%).

On November 15, 2018, the Authority entered into a Tax Increment Revenue Agreement with the County allowing the Authority to receive 100% of the County Sales Tax TIF. County Sales Tax TIF are the revenues received from the County Sales Tax within the boundaries of the Urban Renewal Area which are in excess of that portion of the County Sales Tax collected within the boundaries of the Urban Renewal Area in the twelve-month period ending on the last day of the month prior to the effective date of approval of the Urban Renewal Plan. The County imposes a sales tax of 1.0% on all non-exempt retail transactions and the furnishing of certain services within the County.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 51,575
Cash and Investments - Restricted	11,420,887
Total Cash and Investments	<u>\$ 11,472,462</u>

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 1,625,650
Investments	<u>9,846,812</u>
Total Cash and Investments	<u><u>\$ 11,472,462</u></u>

**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, 2020, the District's cash deposits had a bank balance of \$1,625,650 and a carrying balance of \$1,625,650.

**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.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 9,846,812

**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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 is rated AAAM by Standard & Poor's. 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, and there is no redemption notice period.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,137,760	\$ 16,351,010	\$ -	\$ 17,488,770
 Total Capital Assets, Not Being Depreciated	<u>\$ 1,137,760</u>	<u>\$ 16,351,010</u>	<u>\$ -</u>	<u>\$ 17,488,770</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Special Revenue Bonds Series 2020A	\$ -	\$ 26,500,000	\$ -	\$ 26,500,000	\$ -
Developer Advances - Operations	95,510	240,157	-	335,667	-
Accrued Interest:					
Developer Advances - Operations	4,211	12,107	-	16,318	-
Developer Advances - Capital	732,044	7,831,811	8,563,855	-	-
Accrued Interest:					
Developer Advances - Capital	5,741	565,139	-	570,880	-
Total	<u>\$ 837,506</u>	<u>\$ 35,149,214</u>	<u>\$ 8,563,855</u>	<u>\$ 27,422,865</u>	<u>\$ -</u>

**\$30,500,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2020A**

The Supplemental Indenture authorized the District to issue the Bonds in the par amount of \$30,500,000. The Bonds will be issued on a "drawdown" basis, so that advances of the purchase price of the Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the Supplemental Indenture. The initial drawdown amount on the closing date of June 30, 2020 was \$15,500,000. The second drawdown on October 30, 2020 was \$11,000,000. The minimum drawdown amount is \$1,000,000, except for the last drawdown. The Bonds were issued for the purposes of: (a) financing certain Public Improvements related to the Development, and (b) paying the costs of issuing the Bonds.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**\$30,500,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2020A  
(Continued)**

The Bonds bear interest at the rate of 8.0% per annum and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date of December 1, 2049. Instead, interest is payable on June 1 and December 1 (“Interest Payment Date”) and principal is payable on each December 1 pursuant to a mandatory redemption from available Pledged Revenue, if any. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Bonds.

The Bonds are subject to redemption prior to maturity, at the option of the District, on any business day on and after June 30, 2020 at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to such date. Authorized Debt.

**Pledged Revenue**

The Bonds are secured by and payable solely from and to the extent of the Pledged Revenues, generally consisting of: (a) all revenues from the imposition of the District Debt Service Mill Levy and the Metropolitan District Required Mill Levy, net of the costs of collection; (b) all Pledged TIF Revenues; (c) the Specific Ownership Tax Revenue; (d) any investment earnings from investment of moneys in certain of the Funds which is credited to the Revenue Fund as provided in the Master Indenture; (e) any moneys received from any other Person with the direction that they be applied as Pledged Revenues; and (f) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit in to the Revenue Fund, or otherwise held under the Master Indenture.

**District Debt Service Mill Levy**

Pursuant to the Master Indenture and except as otherwise provided in a Supplemental Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2006), net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County to pay the principal of, premium, if any, and interest on the Bonds.

**Metropolitan District Debt Service Mill Levy**

Pursuant to the Master Indenture, the District has covenanted to require SW Downtown Metropolitan District Nos. 1 and 2 (the Metropolitan Districts) to impose an ad valorem mill levy upon all taxable property of each Metropolitan District in the amount of the Metropolitan District Required Mill Levy, but in no event in excess of 30 mills.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Pledged Revenue (Continued)**

Metropolitan District Debt Service Mill Levy (Continued)

The Master Indenture defines “Metropolitan District Required Mill Levy” as an ad valorem mill levy imposed by each Metropolitan District upon all taxable property of such Metropolitan District which is assessed as residential by the County each year at a rate equal to 30 mills (net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County and subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 1, 2006) to pay the principal of, premium, if any, and interest on the Bonds.

Pledged TIF Revenues

Urban Renewal Law limits the availability of the incremental tax revenue to the Authority to 25 years from the effective date of the Urban Renewal Plan. The Urban Renewal Plan was adopted on December 11, 2018. Accordingly, the Pledged TIF Revenues will not be available as a revenue source after December 11, 2043. The final maturity of the Bonds is December 1, 2049. After December 11, 2043, debt service on the Bonds must be paid by sources of the Pledged Revenues other than the Pledged TIF Revenues.

Pledged TIF Revenues include the Property Tax TIF and the Sales Tax TIF, each generated solely from the incremental increase in the respective taxes within the boundaries of the entities that share revenues, less the Authority Administrative fee. Commencing in calendar year 2020, an administrative fee (the Authority Administrative Fee) in the amount of \$60,000, escalating at a rate of 2% annually in each subsequent year, will be retained and collected annually by the Authority from the total TIF Revenue initially deposited in the Special Fund, the proceeds of which shall be used, among other things, to defray the Authority’s costs of administering the Urban Renewal Plan, including, but not limited to, overhead, administration, accounting and reporting of the collection and disbursement of Pledged TIF Revenues.

Specific Ownership Tax Revenue

Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the District Debt Service Mill Levy by the District and the Metropolitan District Required Mill Levy by the Metropolitan Districts and remitted to the District is pledged to the payment of the Bonds as Specific Ownership Tax Revenues.

**Bonds Debt Service**

The outstanding principal and interest due on the Bonds are not currently determinable since the Bonds are paid from cash flows when drawn down.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Authorized Debt**

On November 7, 2017, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$5,720,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 7, 2017 Election	Authorization Used for 2020 Bonds	Remaining at December 31, 2020
Water	\$ 440,000,000	\$ -	\$ 440,000,000
Sanitation	440,000,000	-	440,000,000
Streets	440,000,000	-	440,000,000
Traffic and Safety	440,000,000	-	440,000,000
Parks and Recreation	440,000,000	-	440,000,000
Public Transportation	440,000,000	-	440,000,000
Television Relay/Translation	440,000,000	-	440,000,000
Mosquito Control	440,000,000	-	440,000,000
Security	440,000,000	-	440,000,000
Fire Protection/Medical	440,000,000	-	440,000,000
Operations/Maintenance	440,000,000	-	440,000,000
Debt Refunding	440,000,000	-	440,000,000
Reimbursement Agreements	440,000,000	-	440,000,000
2020A Bonds - To Be Allocated	-	26,500,000	(26,500,000)
Total	<u>\$ 5,720,000,000</u>	<u>\$ 26,500,000</u>	<u>\$ 5,693,500,000</u>

As set forth in the District's 2017 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$105,000,000 without further approval by the City.

**Developer Advances**

The District has entered into Funding and Operations Reimbursement Agreements with the Developer as follows:

**Operations Reimbursement Agreement**

On December 14, 2017, the District entered into an Operations Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 6% beginning on the date of the advance to the date of repayment. As of December 31, 2020, outstanding Developer advances under the agreement totaled \$335,667 and accrued interest totaled \$16,318.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

Facilities Funding and Acquisition Agreement

On December 14, 2017, the District entered into a Facilities Funding and Acquisition Agreement to repay advances or costs incurred by the Developer for capital infrastructure costs. The District has agreed to repay the Developer for such advances or improvements plus accrued interest at the rate of 8% from the date of the expenditure through the date of repayment. This agreement terminates on December 31, 2047, unless terminated earlier by the mutual written agreement of the parties. Any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full. On July 6, 2020, the District paid the outstanding Developer advances principal with the proceeds of 2020A Series bonds issued on June 30, 2020. As of December 31, 2020, there are no outstanding Developer advances under the agreement and accrued interest totaled \$570,880.

**NOTE 6 NET POSITION**

The District has net position consisting of two components –restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2020, as follows:

Restricted Net Position:	
Emergencies	\$ 2,600
Capital Projects	<u>8,617,589</u>
Total Restricted Net Position	<u><u>\$ 8,620,189</u></u>

The District's unrestricted net position as of December 31, 2020 is \$(10,490,171). This deficit amount is a result of the District being responsible for the repayment of developer advances received for operations and capital projects.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Nor'wood Development Group. 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.

**NOTE 8 ECONOMIC DEPENDENCY**

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



**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 AGREEMENTS AND COMMITMENTS**

**Intergovernmental Agreement**

On November 28, 2018, the District entered into an Intergovernmental Agreement for Operational Cost Sharing (IGA) with SW Downtown Metropolitan District No. 1 and SW Downtown Metropolitan District No. 2. The Operational and Maintenance Costs are cooperatively funded by the Districts pursuant to this IGA. Pursuant to the IGA, the general operational costs of the Districts include accounting, legal, management and other consultant or administrative costs. Operational and maintenance costs do not include infrastructure construction costs, costs of issuance or bond repayment obligations of the individual Districts.

**Cooperation Agreement**

On February 11, 2020, the District entered into the cooperation agreement with the City of Colorado Springs, the Colorado Springs Utilities, the Colorado Springs Urban Renewal Authority and Interurban Development Company, LLC for redevelopment of portions of the southwest downtown area of the City of Colorado Springs. The District is responsible for design, construction, operation and maintenance of certain facilities pursuant to the terms and conditions of the agreement. The District projects are funded from the bond proceeds issued by the District in 2020.

**Construction Commitments**

As of December 31, 2020, the District had unexpended construction related contract commitments of approximately \$113,433.

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

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

At an election held on November 7, 2017, the voters approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses. 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.

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.

## **SUPPLEMENTARY INFORMATION**

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 55,305	\$ 55,111	\$ (194)
Interest Income	121,309	618	(120,691)
Intergovernmental Revenue	66,386	66,121	(265)
TIF Revenue	69,155	-	(69,155)
Total Revenues	<u>312,155</u>	<u>121,850</u>	<u>(190,305)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	830	827	3
Bond Interest - Series 2020A	339,642	152,829	186,813
Paying Agent Fees	5,000	5,000	-
Contingency	1,000	-	1,000
Total Expenditures	<u>346,472</u>	<u>158,656</u>	<u>187,816</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(34,317)	(36,806)	(2,489)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Other Funds	-	5,000	5,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,000</u>	<u>5,000</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(34,317)	(31,806)	2,511
Fund Balance - Beginning of Year	<u>34,317</u>	<u>32,922</u>	<u>(1,395)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1,116</u>	<u>\$ 1,116</u>

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 200,000	\$ 6,803	\$ (193,197)
Total Revenues	200,000	6,803	(193,197)
<b>EXPENDITURES</b>			
General and Administrative:			
Accounting	-	7,830	(7,830)
Contingency	181	-	181
Legal	-	66,165	(66,165)
Capital:			
Bond Issue Costs	286,181	271,000	15,181
Bridges	-	4,102,584	(4,102,584)
Capital Outlay	27,988,819	-	27,988,819
Construction Management	-	655,362	(655,362)
Design	-	95,206	(95,206)
Engineering/Soft Costs	10,000	3,120,740	(3,110,740)
Equipment	-	63,841	(63,841)
Museum and Park Fees	-	75,000	(75,000)
Project Manager	180,000	159,942	20,058
Streets	-	8,078,335	(8,078,335)
Total Expenditures	28,465,181	16,696,005	11,769,176
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(28,265,181)	(16,689,202)	11,575,979
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Issuance	28,275,000	26,500,000	(1,775,000)
Developer Advance	27,994,000	7,831,811	(20,162,189)
Repay Developer Advance	(27,988,819)	(8,563,855)	19,424,964
Transfers from Debt Service Fund	-	(5,000)	(5,000)
Total Other Financing Sources (Uses)	28,280,181	25,762,956	(2,517,225)
<b>NET CHANGE IN FUND BALANCE</b>	15,000	9,073,754	9,058,754
Fund Balance - Beginning of Year	(15,000)	(456,165)	(441,165)
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 8,617,589	\$ 8,617,589

## **OTHER INFORMATION**

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

\$30,500,000 General Obligation Bonds  
Dated June 30, 2020  
Interest Rate 8.0%  
Principal Due December 1  
Interest Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	2,539,609	\$ 2,539,609
2022	-	2,740,083	2,740,083
2023	-	2,950,244	2,950,244
2024	-	3,130,764	3,130,764
2025	-	3,265,473	3,265,473
2026	-	3,282,779	3,282,779
2027	-	3,195,566	3,195,566
2028	-	3,044,900	3,044,900
2029	-	2,846,483	2,846,483
2030	1,295,000	2,628,240	3,923,240
2031	3,290,000	2,383,128	5,673,128
2032	3,675,000	2,114,664	5,789,664
2033	4,015,000	1,814,784	5,829,784
2034	4,465,000	1,487,160	5,952,160
2035	4,870,000	1,122,816	5,992,816
2036	5,395,000	725,424	6,120,424
2037	3,495,000	285,192	3,780,192
Total	<u>\$ 30,500,000</u>	<u>\$ 39,557,309</u>	<u>\$ 70,057,309</u>

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 1,724,200	21.000	\$ 36,208	\$ 34,722	95.90 %
2020	2,765,260	25.000	69,131	68,889	99.65
Estimated for the Year Ending December 31, 2021	\$ 2,590,950	25.000	\$ 64,774		

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