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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, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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 25, 2019

**INTERQUEST TOWN CENTER BID
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	5,050,000
Bond issuance	-	-	5,500,000
Total revenues	<u>-</u>	<u>-</u>	<u>10,550,000</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>350,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>10,900,000</u>
EXPENDITURES			
General and administrative	-	-	50,000
Debt service	-	-	181,750
Capital projects	-	-	10,150,000
Total expenditures	<u>-</u>	<u>-</u>	<u>10,381,750</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>350,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>10,731,750</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,250</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,250</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
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION			
Residential	\$ -	\$ -	\$ 827,300
Certified Assessed Value	\$ -	\$ -	\$ 827,300
MILL LEVY			
Total mill levy	0.000	0.000	0.000
PROPERTY TAXES			
Budgeted property taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

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**INTERQUEST TOWN CENTER BID
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	50,000
Total revenues	<u>-</u>	<u>-</u>	<u>50,000</u>
TRANSFERS IN			
Total funds available	<u>-</u>	<u>-</u>	<u>50,000</u>
EXPENDITURES			
General and administrative			
Accounting	-	-	2,500
Insurance and bonds	-	-	2,500
District management	-	-	1,500
Legal services	-	-	15,000
Miscellaneous	-	-	2,000
Engineering	-	-	10,000
Contingency	-	-	16,500
Total expenditures	<u>-</u>	<u>-</u>	<u>50,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>50,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**INTERQUEST TOWN CENTER BID
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfer from other funds	-	-	350,000
Total funds available	-	-	350,000
EXPENDITURES			
Paying agent fees	-	-	3,000
Debt Service			
Bond interest	-	-	178,750
Total expenditures	-	-	181,750
Total expenditures and transfers out requiring appropriation	-	-	181,750
ENDING FUND BALANCE	\$ -	\$ -	\$ 168,250
DEBT SERVICE RESERVE	\$ -	\$ -	\$ 168,250
TOTAL RESERVE	\$ -	\$ -	\$ 168,250

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Bond issuance	-	-	5,500,000
Developer advance	-	-	5,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>10,500,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>10,500,000</u>
EXPENDITURES			
General and Administrative			
Cost of issuance	-	-	150,000
Repay Developer advance	-	-	5,000,000
Capital Outlay	-	-	5,000,000
Total expenditures	<u>-</u>	<u>-</u>	<u>10,150,000</u>
TRANSFERS OUT			
Transfer to other funds	<u>-</u>	<u>-</u>	<u>350,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>10,500,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**INTERQUEST TOWN CENTER BID
2019 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.

Revenues

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.

**INTERQUEST TOWN CENTER BID
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

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

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.

Capital Outlay

The District anticipates infrastructure improvements for capital outlay in 2019 include street improvements, water and wastewater improvements, and transportation projects.

Debt and Leases

The District has no operating or capital leases and intends on issuing bonds in 2019.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of the fiscal year spending. Since substantially all of the funds received by the District are from Developer advances, which pays for all of the District's operations and maintenance costs, an Emergency reserve is not reflected in the District's budget.

This information is an integral part of the accompanying budget.