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Accountant's Compilation Report

Board of Directors
Barnes & Powers North Business Improvement District

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

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

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

We are not independent with respect to Barnes & Powers North Business Improvement District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 16, 2019



An independent member of Nexia International

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 71,697	\$ 93,641	\$ 92,488
REVENUES			
Property Taxes	338,843	340,426	348,907
Specific Ownership Tax	42,812	40,851	38,380
Interest Income	6,691	8,170	1,424
Intergovernmental Revenues	15,972	15,203	11,779
Total revenues	<u>404,318</u>	<u>404,650</u>	<u>400,490</u>
TRANSFERS IN	<u>5,000</u>	<u>7,000</u>	<u>25,000</u>
Total funds available	<u>481,015</u>	<u>505,291</u>	<u>517,978</u>
EXPENDITURES			
General Fund	53,793	71,374	75,000
Debt Service Fund	323,581	327,429	327,000
Capital Projects Fund	5,000	7,000	25,000
Total expenditures	<u>382,374</u>	<u>405,803</u>	<u>427,000</u>
TRANSFERS OUT	<u>5,000</u>	<u>7,000</u>	<u>25,000</u>
Total expenditures and transfers out requiring appropriation	<u>387,374</u>	<u>412,803</u>	<u>452,000</u>
ENDING FUND BALANCES	<u>\$ 93,641</u>	<u>\$ 92,488</u>	<u>\$ 65,978</u>
EMERGENCY RESERVE	\$ 2,100	\$ 2,000	\$ 1,800
AVAILABLE FOR OPERATIONS	78,416	72,355	55,845
TOTAL RESERVE	<u>\$ 80,516</u>	<u>\$ 74,355</u>	<u>\$ 57,645</u>

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Commercial	\$ 6,585,580	\$ 6,617,510	\$ 6,768,390
Vacant land	191,000	191,000	209,760
Certified Assessed Value	<u>\$ 6,776,580</u>	<u>\$ 6,808,510</u>	<u>\$ 6,978,150</u>
MILL LEVY			
General	1.000	1.000	1.000
Debt Service	49.000	49.000	49.000
Total mill levy	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>
PROPERTY TAXES			
General	\$ 6,777	\$ 6,808	\$ 6,978
Debt Service	332,052	333,617	341,929
Levied property taxes	<u>338,829</u>	<u>340,425</u>	<u>348,907</u>
Adjustments to actual/rounding	14	1	-
Budgeted property taxes	<u>\$ 338,843</u>	<u>\$ 340,426</u>	<u>\$ 348,907</u>
BUDGETED PROPERTY TAXES			
General	\$ 6,777	\$ 6,809	\$ 6,978
Debt Service	332,066	333,617	341,929
	<u>\$ 338,843</u>	<u>\$ 340,426</u>	<u>\$ 348,907</u>

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 67,166	\$ 80,516	\$ 74,355
REVENUES			
Property Taxes	6,777	6,809	6,978
Specific Ownership Tax	42,812	40,851	38,380
Interest Income	1,582	2,350	1,153
Intergovernmental Revenues	15,972	15,203	11,779
Total revenues	67,143	65,213	58,290
Total funds available	134,309	145,729	132,645
EXPENDITURES			
General and administrative			
Accounting	26,010	25,000	25,000
Auditing	7,100	7,200	7,300
County Treasurer's Fee	102	102	105
Dues and Licenses	534	587	650
Insurance and Bonds	3,625	3,665	3,700
District Management	7,110	7,000	7,200
Legal	7,063	7,000	7,000
Miscellaneous	488	820	800
Election Expense	1,761	-	2,000
Repay Developer Advance	-	20,000	20,000
Contingency	-	-	1,245
Total expenditures	53,793	71,374	75,000
Total expenditures and transfers out requiring appropriation	53,793	71,374	75,000
ENDING FUND BALANCE	\$ 80,516	\$ 74,355	\$ 57,645
EMERGENCY RESERVE	\$ 2,100	\$ 2,000	\$ 1,800
AVAILABLE FOR OPERATIONS	78,416	72,355	55,845
TOTAL RESERVE	\$ 80,516	\$ 74,355	\$ 57,645

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 4,531	\$ 13,125	\$ 18,133
REVENUES			
Property Taxes	332,066	333,617	341,929
Interest Income	5,109	5,820	271
Total revenues	<u>337,175</u>	<u>339,437</u>	<u>342,200</u>
Total funds available	<u>341,706</u>	<u>352,562</u>	<u>360,333</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	4,981	5,004	5,129
Contingency	-	-	1,271
Debt Service			
Bond Interest	223,600	217,425	210,600
Bond Principal	95,000	105,000	110,000
Total expenditures	<u>323,581</u>	<u>327,429</u>	<u>327,000</u>
TRANSFERS OUT			
Transfers to Other Funds	<u>5,000</u>	<u>7,000</u>	<u>25,000</u>
Total expenditures and transfers out requiring appropriation	<u>328,581</u>	<u>334,429</u>	<u>352,000</u>
ENDING FUND BALANCE	<u>\$ 13,125</u>	<u>\$ 18,133</u>	<u>\$ 8,333</u>

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfers from Other Funds	5,000	7,000	25,000
Total funds available	5,000	7,000	25,000
EXPENDITURES			
Capital Projects			
Repay Developer Advance	5,000	7,000	25,000
Total expenditures	5,000	7,000	25,000
Total expenditures and transfers out requiring appropriation	5,000	7,000	25,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**BARNES & POWERS NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include parking facilities, roadways, lighting, driveways, public utilities and landscaping. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on April 27, 2004.

At an election held on May 4, 2004, the voters approved general obligation indebtedness of \$2,600,000 for street improvements, \$2,600,000 for parking facilities, and \$6,500,000 for refinancing of District debt. On November 1, 2005, the District's electors authorized additional indebtedness of \$450,000 for water and \$150,000 for sanitary sewer. The voters also approved an annual increase in taxes of \$15,000, at a mill levy rate not to exceed one mill for general operations and maintenance. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Pursuant to the District's operating plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills. As set forth in the District's 2007 operating plan, the City has limited the amount of debt to be issued to a total of \$4,950,000 in the authorized voted categories, without future approval by the City.

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

Revenues

Property Taxes

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

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.

**BARNES & POWERS NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Tax

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

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

Intergovernmental Revenue

Pursuant to an Intergovernmental Agreement, dated November 30, 2011, with Barnes and Powers South Business Improvement District, the intergovernmental revenue represents transfers from Barnes & Powers South to provide funding for the overall administrative and operating costs for the District and payment of capital infrastructure.

Expenditures

Administrative Expenditures

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

County Treasurer's Fees

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

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2007 bonds (discussed under Debt and Leases).

**BARNES & POWERS NORTH BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

On June 27, 2007, the District issued \$4,000,000 in General Obligation Bonds. The Bonds are due December 1, 2036, and bear an interest rate of 6.5% paid annually on December 1. At the option of the District on any date, the Bonds are subject to redemption prior to maturity without redemption premium. The proceeds from the Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs. The District's current debt service schedule is attached.

The District has no capital or operating leases.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

**BARNES & POWERS NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$4,000,000 General Obligation Bonds
Dated June 27, 2007
Interest Rate 6.5%
Principal and Interest Due December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 110,000	\$ 210,600	\$ 320,600
2021	115,000	203,450	318,450
2022	125,000	195,975	320,975
2023	135,000	187,850	322,850
2024	140,000	179,075	319,075
2025	150,000	169,975	319,975
2026	160,000	160,225	320,225
2027	170,000	149,825	319,825
2028	180,000	138,775	318,775
2029	195,000	127,075	322,075
2030	205,000	114,400	319,400
2031	220,000	101,075	321,075
2032	235,000	86,775	321,775
2033	250,000	71,500	321,500
2034	265,000	55,250	320,250
2035	285,000	38,025	323,025
2036	300,000	19,500	319,500
	<u>\$ 3,240,000</u>	<u>\$ 2,209,350</u>	<u>\$ 5,449,350</u>

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