

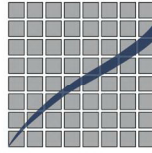
**CREEKWALK MARKETPLACE
BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

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YEAR ENDED DECEMBER 31, 2022**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Creekwalk Marketplace Business Improvement District
Colorado Springs, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekwalk Marketplace Business Improvement District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
June 8, 2023

BASIC FINANCIAL STATEMENTS

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 3,741,407
Accounts Receivable	34,315
Receivable from County Treasurer	566
Property Taxes Receivable	118,891
North Sign Deposit	38,800
Due from Other Funds	58,704
Capital Assets, Not Being Depreciated	35,896,936
Total Assets	39,889,619
LIABILITIES	
Accounts Payable	27,546
Due to Other Funds	58,704
Accrued Interest Payable - Senior Bonds	163,993
Noncurrent Liabilities	
Due Within One Year	316,802
Due in More Than One Year	47,146,299
Total Liabilities	47,713,344
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	118,891
Total Deferred Inflows of Resources	118,891
NET POSITION	
Restricted For:	
Emergency Reserves	2,200
Unrestricted	(7,944,816)
Total Net Position	\$ (7,942,616)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 290,302	\$ 67,974	\$ -	\$ -	\$ (222,328)
Interest on Long-Term Debt and Related Costs	2,756,222	-	-	-	(2,756,222)
Total Government Activities	\$ 3,046,524	\$ 67,974	\$ -	\$ -	(2,978,550)
 GENERAL REVENUES					
Property Taxes					58,565
Specific Ownership Taxes					6,929
Public Improvement Fees					206,732
Net Investment Income					63,901
Other Revenue					972
Total General Revenues					337,099
 CHANGE IN NET POSITION					
					(2,641,451)
Net Position - Beginning of Year as Restated					(5,301,165)
 NET POSITION - END OF YEAR					
					\$ (7,942,616)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 3,169,201	\$ 572,206	\$ 3,741,407
Accounts Receivable	-	34,315	-	34,315
Accounts Receivable - County Treasurer	11	555	-	566
North Sign Deposit	-	-	38,800	38,800
Property Taxes Receivable	19,815	99,076	-	118,891
Due from Other Funds	16,276	42,428	-	58,704
	<u>\$ 36,102</u>	<u>\$ 3,345,575</u>	<u>\$ 611,006</u>	<u>\$ 3,992,683</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 26,771	\$ -	\$ 775	\$ 27,546
Due to Other Funds	-	-	58,704	58,704
Total Liabilities	<u>26,771</u>	<u>-</u>	<u>59,479</u>	<u>86,250</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	19,815	99,076	-	118,891
Total Deferred Inflows of Resources	<u>19,815</u>	<u>99,076</u>	<u>-</u>	<u>118,891</u>
FUND BALANCES				
Restricted For:				
Emergencies (TABOR)	2,200	-	-	2,200
Debt Service	-	3,246,499	-	3,246,499
Capital Projects	-	-	551,527	551,527
Unassigned	(12,684)	-	-	(12,684)
Total Fund Balances	<u>(10,484)</u>	<u>3,246,499</u>	<u>551,527</u>	<u>3,787,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,102</u>	<u>\$ 3,345,575</u>	<u>\$ 611,006</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.				
Capital Assets - Not Being Depreciated				35,896,936
Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(40,270,000)
Accrued Interest - Bonds				(960,432)
Accrued Interest Payable - Bonds				(163,993)
Financing Purchase - South Sign				(359,010)
Developer Advance Payable				(5,480,173)
Accrued Interest - Developer Advances				(393,486)
Net Position of Governmental Activities				<u>\$ (7,942,616)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,149	\$ 57,416	\$ -	\$ 58,565
Specific Ownership Taxes	136	6,793	-	6,929
Net Investment Income	14	55,949	7,938	63,901
CAM Revenue	67,974	-	-	67,974
Public Improvement Fees	-	206,732	-	206,732
Other Revenue	972	-	-	972
Total Revenues	<u>70,245</u>	<u>326,890</u>	<u>7,938</u>	<u>405,073</u>
EXPENDITURES				
Current:				
Accounting	30,984	-	2,455	33,439
Audit	3,525	-	-	3,525
CORA Expense	1,875	-	-	1,875
County Treasurer's Fees	17	874	-	891
Director's Fees	462	-	-	462
Dues and Licenses	345	-	-	345
Election Expense	1,505	-	-	1,505
Insurance	6,317	-	-	6,317
Legal	27,490	-	-	27,490
Miscellaneous	2,516	142	300	2,958
Payroll Taxes	77	-	-	77
PIF Collections	15,534	-	-	15,534
CAM:				
Utilities	14,796	-	-	14,796
Repairs and Maintenance	51,865	-	-	51,865
Security	109,575	-	-	109,575
Snow Removal	20,090	-	-	20,090
Debt Service:				
Interest - Bonds	-	1,930,090	-	1,930,090
Paying Agent Fees	-	6,000	-	6,000
Capital Projects:				
Bond Issue Costs	-	-	112,745	112,745
Capital Outlay	-	-	3,884,405	3,884,405
Engineering	-	-	-	-
Total Expenditures	<u>286,973</u>	<u>1,937,106</u>	<u>3,999,905</u>	<u>6,223,984</u>
EXCESS OF REVENUES OVER EXPENDITURES	(216,728)	(1,610,216)	(3,991,967)	(5,818,911)
OTHER FINANCING SOURCES				
Developer Advance	73,248	-	2,196,050	2,269,298
Developer Advance - CAM	128,352	-	-	128,352
Total Other Financing Sources	<u>201,600</u>	<u>-</u>	<u>2,196,050</u>	<u>2,397,650</u>
NET CHANGE IN FUND BALANCES	(15,128)	(1,610,216)	(1,795,917)	(3,421,261)
Fund Balances - Beginning of Year	<u>4,644</u>	<u>4,856,715</u>	<u>2,347,444</u>	<u>7,208,803</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (10,484)</u>	<u>\$ 3,246,499</u>	<u>\$ 551,527</u>	<u>\$ 3,787,542</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (3,421,261)

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 Outlay 4,243,715

The issuance of long-term debt (e.g., bonds, leases, and 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.

Developer Advance (2,397,650)

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 - Change in Liability (441,829)

Accrued Interest on Developer Advance - Change in Liability (263,410)

Accrued Interest on Bonds - Change in Liability (2,006)

Change in Net Position of Governmental Activities \$ (2,641,451)

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,141	\$ 1,149	\$ 8
Specific Ownership Taxes	114	136	22
Net Investment Income	-	14	14
CAM Revenue	188,210	67,974	(120,236)
Other Revenue	-	972	972
Total Revenues	<u>189,465</u>	<u>70,245</u>	<u>(119,220)</u>
EXPENDITURES			
Current:			
Accounting	33,000	30,984	2,016
Audit	3,500	3,525	(25)
CORA Expense	-	1,875	(1,875)
County Treasurer's Fees	17	17	-
Director's Fees	3,000	462	2,538
Dues and Licenses	1,600	345	1,255
Election Expense	5,000	1,505	3,495
Insurance	6,000	6,317	(317)
Legal	30,000	27,490	2,510
Miscellaneous	8,653	2,516	6,137
Payroll Taxes	230	77	153
PIF Collections	8,000	15,534	(7,534)
CAM Expenses:			
Utilities	31,100	14,796	16,304
General and Administrative	69,110	-	69,110
Exterior Expense and Maintenance	83,000	-	83,000
Repairs and Maintenance	5,000	51,865	(46,865)
Security	-	109,575	(109,575)
Snow Removal	-	20,090	(20,090)
Total Expenditures	<u>287,210</u>	<u>286,973</u>	<u>237</u>
EXCESS OF REVENUES OVER EXPENDITURES	(97,745)	(216,728)	(118,983)
OTHER FINANCING SOURCES			
Developer Advance	97,800	73,248	(24,552)
Developer Advance - CAM	-	128,352	128,352
Total Other Financing Sources	<u>97,800</u>	<u>201,600</u>	<u>103,800</u>
NET CHANGE IN FUND BALANCE	55	(15,128)	(15,183)
Fund Balance - Beginning of Year	<u>100</u>	<u>4,644</u>	<u>4,544</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 155</u>	<u>\$ (10,484)</u>	<u>\$ (10,639)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Creekwalk Marketplace Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on February 23, 2016, 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 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 follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District's annual budget is required to be submitted to and approved by the City, thus enabling the City to impose its will on the District. Consequently, the District is considered to be a component unit of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental 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 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

There were no depreciable fixed assets at year end, as the capital assets are classified as construction in progress and are intended to be dedicated to other governmental entities.

Deferred Inflow 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with receipt of funds advanced by the Developer in 2023.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Managements understanding is that all leases in the current year are considered financing purchases.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 3,741,407
Total	<u>\$ 3,741,407</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 9,779
Investments	<u>3,731,628</u>
Total Cash and Investments	<u><u>\$ 3,741,407</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, 2022, the District had cash deposits and a bank and carrying balance of \$9,779.

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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 3,731,628
Total		<u>\$ 3,731,628</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE.

CSAFE is rated AAmmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Additions	Dedication to Other Governments	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:				
South Sign - CIP	\$ -	\$ 359,010	\$ -	\$ 359,010
Construction in Progress	31,653,221	3,884,705	-	35,537,926
Total	<u>\$ 31,653,221</u>	<u>\$ 4,243,715</u>	<u>\$ -</u>	<u>\$ 35,896,936</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Restated	Additions	Compounding Interest	Retirements	Balance at December 31, 2022	Due Within One Year
Governmental Activities:							
Bonds Payable:							
G.O. Bonds -							
Series 2019A	\$ 24,230,000	\$ -	\$ -	\$ -	\$ -	\$ 24,230,000	\$ 245,000
G.O. Subordinate Bonds -							
Series 2019B	2,500,000		-	-	-	2,500,000	-
G.O. Bonds - Series 2021A	11,040,000		-	-	-	11,040,000	-
G.O. Subordinate Bonds -							
Series 2021B	2,500,000		-	-	-	2,500,000	-
Accrued Interest on							
Subordinate Bonds:							
Series 2019B	-	514,159	200,000	41,133	-	755,292	-
Series 2021B	-	4,444	200,000	696	-	205,140	-
Bonds Payable							
Subtotal	40,270,000	518,603	400,000	41,829	-	41,230,432	245,000
Note/Loans/Bonds/ from							
Direct Borrowing and							
Direct Placements:							
Finance Purchase - South Sig	-	-	359,010	-	-	359,010	71,802
Developer Advances:							
Operations	393,118	-	73,248	-	-	466,366	-
Operations - CAM	-	-	128,352	-	-	128,352	-
Capital	2,689,405	-	2,196,050	-	-	4,885,455	-
Accrued Interest							
on Developer Advances:							
Operations	77,006	-	52,428	-	-	129,434	-
Capital	53,070	-	210,982	-	-	264,052	-
Loans and Notes							
Payable Subtotal	3,212,599	-	3,020,070	-	-	6,232,669	71,802
Total Long-Term							
Obligations	<u>\$ 43,482,599</u>	<u>\$ 518,603</u>	<u>\$ 3,420,070</u>	<u>\$ 41,829</u>	<u>\$ -</u>	<u>\$ 47,463,101</u>	<u>\$ 316,802</u>

Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A, (the Series 2019A Bonds) and Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B (the Series 2019B Bonds and together with the Series 2019A Bonds, the 2019 Bonds)

On July 31, 2019, the District issued \$24,230,000 in Series 2019A Bonds and \$2,500,000 in Series 2019B Bonds.

Details of the 2019A Bonds

The Series 2019A Bonds bear interest at rates ranging from 5.00% to 5.75%, payable semiannually on each June 1 and December 1, beginning December 1, 2019. Mandatory sinking fund payments are due annually on December 1, beginning December 1, 2023. The Series 2019A Bonds mature on December 1, 2049.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the 2019B Bonds

The Series 2019B Subordinate Bonds bear interest at 8.00% per annum payable annually on December 15, to the extent of available Subordinate Pledged Revenue. The Series 2019B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date of December 15, 2049.

Unpaid interest on the Series 2019B Subordinate Bonds compounds annually on each December 15. All of the Series 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2059, regardless of the principal and interest amounts remaining unpaid. Unpaid and accrued interest on the Series 2019B Subordinate Bonds at December 31, 2022 was \$755,292.

Security for the 2019 Bonds

The Series 2019A Bonds are secured by and payable solely from Revenues consisting of Pledged Tax Increment (TIF) Revenues, Required Mill Levy Revenues, Specific Ownership Tax Revenues collected as a result of the imposition of the Required Mill Levy, PIF Revenues, and any other legally available amounts that the Board may designate to be deposited to the Revenue Fund.

The Required Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property in the District each year which is sufficient to pay the Series 2019A Bonds as they come due and, if necessary an amount sufficient to replenish the Reserve Fund to the amount of the Senior Reserve Requirement, and, if the Surplus Fund has not been closed, an amount sufficient to fund the Surplus Fund to the Maximum Surplus Fund Amount, but not in excess of 50 mills.

The Series 2019A Bonds are also secured by funds held by the Trustee in the Senior Reserve Fund in the required amount of \$2,119,525 and the Surplus Fund to be funded over time with excess Revenues, not to exceed \$1,000,000.

The Series 2019B Bonds are secured by and payable solely from Subordinate Pledged Revenues consisting of the Subordinate Required Mill Levy Revenues, Subordinate Specific Ownership Tax Revenues collected as a result of the imposition of the Subordinate Required Mill Levy, Subordinate Pledged PIF Revenues, Subordinate Pledged TIF Revenues, and any other legally available amounts that the Board determines to transfer to the Trustee for application as Subordinate Pledged Revenues.

The Subordinate Required Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property in the District each year in an amount equal to 50 mills, less the amount of the Senior Bond Mill Levy.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption of the 2019 and 2021 Bonds

The Series 2019A Bonds and the Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026 and December 15, 2026, respectively, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u> <u>Series 2019A Bonds</u>	<u>Date of Redemption</u> <u>Series 2019B Bonds</u>	<u>Redemption</u> <u>Premium</u>
December 1, 2026, to November 30, 2027	December 15, 2026, to December 14, 2027	3.00%
December 1, 2027, to November 30, 2028	December 15, 2027, to December 14, 2028	2.00
December 1, 2028, to November 30, 2029	December 15, 2028, to December 14, 2029	1.00
December 1, 2029, and thereafter	December 15, 2029, and thereafter	0.00

The Series 2021A Bonds and the Series 2021B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024 and December 15, 2024, respectively, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u> <u>Series 2021A Bonds</u>	<u>Date of Redemption</u> <u>Series 2021B Bonds</u>	<u>Redemption</u> <u>Premium</u>
December 1, 2024, to November 30, 2025	December 15, 2024, to December 14, 2025	3.00%
December 1, 2025, to November 30, 2026	December 15, 2025, to December 14, 2026	2.00
December 1, 2026, to November 30, 2027	December 15, 2026, to December 14, 2027	1.00
December 1, 2027, and thereafter	December 15, 2027, and thereafter	0.00

Events of Default of the 2019 and the 2021 Bonds

Events of default of the Series 2019A Bonds and the Series 2021A Bonds occur if the District fails to impose the Required Mill Levy, or to apply the Revenues as required by the Series 2019A and the Series 2021A Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2019A and the Series 2021A Indentures.

Events of default of the Series 2019B Bonds and the Series 2021B Bonds occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Series 2019B and the Series 2021B Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2019B and the Series 2021B Indentures.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax Supported and Special Revenue Senior Bonds, Series 2021A (the 2021A Senior Bonds) and Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2021B (the Series 2021B Subordinate Bonds, and with the Series 2021A Senior Bonds, the 2021 Bonds)

On December 23, 2021, the District issued Series 2021A Senior Bonds in the par amount of \$11,040,000 on parity with the Series 2019A Senior Bonds and the Series 2021B Subordinate Bonds in the par amount of \$2,500,000 on parity with the Series 2019B Subordinate Bonds.

Details of the Series 2021A Senior Bonds

The Series 2021A Senior Bonds bear interest at rates ranging from 5.00% to 5.75%, payable semiannually on June 1 and December 1, beginning June 1, 2022. Mandatory sinking fund payments are due annually on December 1, beginning December 1, 2026.

To the extent principal of any 2021A Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any 2021A Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate then borne by the Series 2021A Senior Bonds.

Proceeds of the Series 2021A Senior Bonds in the amount of \$1,060,000 were deposited to the Restricted Account of the Senior Project Fund. Amounts are released from the Restricted Account upon receipt of a Project Fund Disbursement as described in the Series 2019A Senior Indenture. The balance in the Restricted Account as of December 31, 2022, was \$568,689.

Revenues

The Series 2021A Senior Bonds are secured by and payable solely from and to the extent of the Revenues consisting of: (a) Pledged Tax Increment Revenues; (b) Required Mill Levy Revenues; (c) Specific Ownership Tax Revenues collected as a result of imposition of the Required Mill Levy; (d) the PIF (Public Improvement Fee) Revenues; and (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit to the Revenue Fund.

The Required Mill Levy for the Series 2021A Bonds is the same as the Required Mill Levy for the Series 2019A Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for the 2021A Bonds

The Series 2021A Senior Bonds are additionally secured by the Senior Reserve Fund which was funded from proceeds of the Series 2021A Senior Bonds in the amount of \$1,091,170, and by amounts, if any, in the Senior Surplus Fund.

The Senior Reserve Fund and Senior Surplus Fund are common funds that secure both the Series 2019A Senior Bonds and the Series 2021A Senior Bonds. The aggregate Senior Reserve Fund Requirement for the Series 2019A Senior Bonds and Series 2021A Senior Bonds is \$3,157,505. The Senior Surplus Fund is required to be funded from future annual excess Revenues, if any, up to the Maximum Surplus Fund Amount of \$1,500,000.

In order to make the December 1, 2021 and December 1, 2022 payments due on the Series 2019A Bonds, the District drew upon the Senior Reserve Fund in the amounts of \$52,980 and \$568,548, respectively. The balance in the Senior Reserve Fund as of December 31, 2022 was \$2,615,902. The balance in the Senior Surplus Fund as of December 31, 2022 was zero.

On the Surplus Release Date, all amounts on deposit in the Senior Surplus Fund are to be transferred to the Extraordinary Mandatory Redemption Fund and used to redeem Series 2021A Senior Bonds.

Details of the Series 2021B Subordinate Bonds

The Series 2021B Subordinate Bonds consist of a term bond that bears interest at the rate of 8.00% per annum and is structured as a “cash flow” bond, meaning that no regularly scheduled payments of principal are due prior to the maturity date of December 15, 2049.

Unpaid interest on the Series 2021B Subordinate Bonds compounds annually on each December 15. All of the Series 2021B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2059, regardless of the principal and interest amounts remaining unpaid. Unpaid and accrued interest on the Series 2021B Subordinate Bonds was \$205,140 at December 31, 2022.

Subordinate Pledged Revenues

The Series 2021B Subordinate Bonds are secured by and payable from the following sources, net of any costs of collection: (a) Subordinate Required Mill Levy Revenue; (b) Specific Ownership Tax Revenues collected as a result of imposition of the Subordinate Required Mill Levy; (c) Subordinate Pledged PIF Revenues; (d) Subordinate Pledged Tax Increment Revenues; and, (e) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenues.

The Subordinate Required Mill Levy for the Series 2021B Bonds is the same as the Subordinate Required Mill Levy for the Series 2021B Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Financing Purchase

On December 15, 2022, the District entered into a financing lease agreement with MidCountry Equipment Finance for District signage. The total financing lease is payable in 60 monthly installments of \$6,645 including principal and interest, at an implied interest rate of 2.21%. The lease matures November 2027.

The Series 2019A Senior Bonds, the Series 2021A Senior Bonds, and the Financing Lease will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 316,802	\$ 1,975,854	\$ 2,292,656
2024	371,802	1,963,604	2,335,406
2025	406,802	1,948,604	2,355,406
2026	611,802	1,931,854	2,543,656
2027	676,802	1,904,854	2,581,656
2028-2032	4,295,000	8,936,290	13,231,290
2033-2037	7,010,000	7,486,790	14,496,790
2038-2042	7,995,000	5,235,128	13,230,128
2043-2047	7,040,000	3,264,852	10,304,852
2048-2049	6,905,000	691,725	7,596,725
Total	<u>\$ 35,629,010</u>	<u>\$ 35,339,555</u>	<u>\$ 70,968,565</u>

The Series 2019B Subordinate Bonds and the Series 2021B Subordinate Bonds are structured as cash flow bonds therefore there are no schedules of principal and interest payments.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$600,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2022, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 3, 2016 Election	Authorization Used Series 2019 Bonds	Authorization Used Series 2019 Bonds	Authorized But Unissued
Street Improvements	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000
Water Supply Improvements	50,000,000	-	-	50,000,000
Sanitary Sewer	50,000,000	-	-	50,000,000
Traffic and Safety	50,000,000	-	-	50,000,000
Parks and Recreation	50,000,000	-	-	50,000,000
Transportation	50,000,000	-	-	50,000,000
Television Relay and Translation	50,000,000	-	-	50,000,000
Mosquito Control	50,000,000	-	-	50,000,000
Security	50,000,000	-	-	50,000,000
Fire Protection and Emergency Medical	50,000,000	-	-	50,000,000
Operating Plan Debt	50,000,000	26,730,000	13,540,000	9,730,000
Debt Refunding	50,000,000	-	-	50,000,000
Total	<u>\$ 600,000,000</u>	<u>\$ 26,730,000</u>	<u>\$ 13,540,000</u>	<u>\$ 559,730,000</u>

As set forth in the District's 2016 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$50,000,000 without future approval by the City. Upon the issuance of the Series 2021 Bonds, the District issued a total of \$40,270,000 of debt under the Operating Plan, resulting in remaining authorization under the Operating Plan of \$9,730,000 and \$559,730,000 in authorized, but unissued, general obligation indebtedness for capital purposes.

The District may levy up to 50.00 mills for debt service and up to 10.00 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District.

Developer Advances

On March 14, 2018, the District entered into an Operations Reimbursement Agreement with SNA Development LLC. The advances made to the District accrue interest from the date of the advance to the date of repayment at a rate of 8.00% compounding annually from the date of the advance. The total operations advances made by the Developer to the District totaled \$466,366 with accrued interest of \$129,434 as of December 31, 2022.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 NET POSITION

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

The restricted component of 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 restricted net position as of December 31, 2022, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves (see Note 11)	\$ 2,200
Total Restricted Net Position	\$ 2,200

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which will be conveyed to other governmental entities when the improvements have been completed. The costs incurred to date are presented in the District’s financial records as construction in progress.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is SNA Development LLC. The 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.

NOTE 9 AGREEMENTS

Facilities Funding and Reimbursement Agreement

The District entered into a Facilities Funding and Reimbursement Agreement (Agreement) on October 12, 2017 with 1609 South Nevada Avenue, LLC (the Company) whereby the District agrees to reimburse the Company for the costs related to the public improvements within the District. The District agrees to repay the Company along with accrued interest at a rate of 6.0% from the date of acceptance by the District through the date of repayment.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 AGREEMENTS (CONTINUED)

Facilities Funding and Reimbursement Agreement (Continued)

The parties agree that no payment shall be required of the District for public improvements acquired under the terms of the Agreement unless and until the District issues debt or has other legally available revenue to repay for the purpose as in an amount sufficient to acquire all or a portion of the completed public improvements. The Parties agree that the Company shall be reimbursed up to \$85,000 as a first priority payment from the proceeds of any debt issued by the District, subject to compliance by the Company with the requirements of this Agreement.

Any remaining reimbursement obligation to the Company shall be paid from excess Public Improvement Fee revenue of the District generated from the property owned by the Company up to a total reimbursement amount of \$150,000 plus any accrued interest thereon. As of December 31, 2022, the District owes \$4,585,736 in principal and \$264,052 in interest for capital advances.

The term of this Agreement shall extend from the date hereof through and including December 31, 2048, unless terminated earlier by the mutual written agreement of the Parties.

Cooperation Agreement

The District entered into a Cooperation Agreement with the Colorado Springs Urban Renewal Authority (CSURA) on July 26, 2019 in which the District will receive tax increment revenue (TIF) generated from the District's projects to be used toward the repayment of the District's bonds.

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 (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability and workers compensation 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

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.

The voters also 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 and an annual increase in taxes of up to \$25,000,000 at a mill levy rate without limitation or with such limitations as determined by the Board for the purpose of the District's capital expenditures. The election also allows the District to collect, spend and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution.

NOTE 12 RESTATEMENT

The District restated its net position as of January 1, 2022, to account for subordinate bond interest accrued in previous years as follows:

	<u>Net Position</u>
Net Position, as Originally Stated	\$ (4,782,562)
Subordinate Bond Interest - Series 2019B	(514,159)
Subordinate Bond Interest - Series 2021B	<u>(4,444)</u>
Total Change in Net Position	<u>(518,603)</u>
Net Position, as Restated, as of January 1, 2022	<u><u>\$ (5,301,165)</u></u>

SUPPLEMENTARY INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 57,028	\$ 57,416	\$ 388
Specific Ownership Taxes	5,703	6,793	1,090
CSURA TIF Revenue	600,000	-	(600,000)
Net Investment Income	9,000	55,949	46,949
Public Improvement Fees	562,000	206,732	(355,268)
Total Revenues	<u>1,233,731</u>	<u>326,890</u>	<u>(906,841)</u>
EXPENDITURES			
County Treasurer's Fees	855	874	(19)
Interest - 2021 Bonds	842,175	581,090	261,085
Interest - 2019 Bonds	1,349,000	1,349,000	-
Miscellaneous	4,970	142	4,828
Paying Agent Fees	6,000	6,000	-
Total Expenditures	<u>2,203,000</u>	<u>1,937,106</u>	<u>265,894</u>
EXCESS OF REVENUES OVER EXPENDITURES	(969,269)	(1,610,216)	(640,947)
OTHER FINANCING SOURCES (USES)			
Transfer from Other Fund	3,574,000	-	(3,574,000)
Total Other Financing Sources	<u>3,574,000</u>	<u>-</u>	<u>(3,574,000)</u>
NET CHANGE IN FUND BALANCE	2,604,731	(1,610,216)	(4,214,947)
Fund Balance - Beginning of Year	<u>2,151,950</u>	<u>4,856,715</u>	<u>2,704,765</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,756,681</u>	<u>\$ 3,246,499</u>	<u>\$ (1,510,182)</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 7,938	\$ 7,938
Total Revenues	<u>-</u>	<u>7,938</u>	<u>7,938</u>
EXPENDITURES			
Current:			
Accounting	10,000	2,455	7,545
Bond Issue Costs	-	112,745	(112,745)
Miscellaneous	-	300	(300)
Capital Projects:			
Capital Outlay	9,146,544	3,872,851	5,273,693
Engineering	15,000	11,554	3,446
Total Expenditures	<u>9,171,544</u>	<u>3,999,905</u>	<u>5,171,639</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,171,544)	(3,991,967)	5,179,577
OTHER FINANCING SOURCES (USES)			
Transfer to Other Fund	(3,574,000)	-	3,574,000
Developer Advance	-	2,196,050	2,196,050
Total Other Financing Sources (Uses)	<u>(3,574,000)</u>	<u>2,196,050</u>	<u>5,770,050</u>
NET CHANGE IN FUND BALANCE	(12,745,544)	(1,795,917)	10,949,627
Fund Balance - Beginning of Year	<u>12,745,544</u>	<u>2,347,444</u>	<u>(10,398,100)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 551,527</u>	<u>\$ 551,527</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022**

Year Ending December 31,	\$24,230,000		\$11,040,000		Total All Bonds
	Limited Property Tax Supported Revenue Bonds, Series 2019A Dated July 31, 2019 Interest Rates: 5.000%-5.750% Interest due June 1 and December 1		Limited Property Tax Supported Revenue Bonds, Series 2021A Dated December 23, 2021 Interest Rates: 5.000%-5.750% Interest Due June 1 and December 1		
	Principal Due December 1		Principal Due December 1		
	Principal	Interest	Principal	Interest	
2023	\$ 245,000	\$ 1,349,000	\$ -	\$ 618,913	\$ 2,212,913
2024	300,000	1,336,750	-	618,913	2,255,663
2025	335,000	1,321,750	-	618,913	2,275,663
2026	390,000	1,305,000	150,000	618,913	2,463,913
2027	430,000	1,285,500	175,000	611,413	2,501,913
2028	490,000	1,264,000	195,000	602,663	2,551,663
2029	540,000	1,239,500	220,000	592,913	2,592,413
2030	605,000	1,212,500	250,000	581,913	2,649,413
2031	665,000	1,179,225	280,000	568,163	2,692,388
2032	740,000	1,142,650	310,000	552,763	2,745,413
2033	805,000	1,101,950	350,000	535,713	2,792,663
2034	900,000	1,057,675	375,000	516,463	2,849,138
2035	965,000	1,008,175	425,000	495,838	2,894,013
2036	1,060,000	955,100	470,000	472,463	2,957,563
2037	1,150,000	896,800	510,000	446,613	3,003,413
2038	1,255,000	833,550	560,000	418,563	3,067,113
2039	1,355,000	764,525	605,000	387,763	3,112,288
2040	1,425,000	690,000	710,000	354,488	3,179,488
2041	665,000	608,063	330,000	313,663	1,916,726
2042	730,000	569,825	360,000	294,688	1,954,513
2043	790,000	527,850	395,000	273,988	1,986,838
2044	860,000	482,425	435,000	251,275	2,028,700
2045	930,000	432,975	470,000	226,263	2,059,238
2046	1,010,000	379,500	510,000	199,238	2,098,738
2047	1,085,000	321,425	555,000	169,913	2,131,338
2048	1,175,000	259,037	605,000	138,000	2,177,037
2049	3,330,000	191,475	1,795,000	103,213	5,419,688
	<u>\$ 24,230,000</u>	<u>\$ 23,716,225</u>	<u>\$ 11,040,000</u>	<u>\$ 11,583,625</u>	<u>\$ 70,569,850</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	\$ 458,870	51.000	\$ 23,402	\$ 23,402	100.00 %
2019	977,550	51.000	49,855	49,871	100.03
2020	1,050,580	51.000	53,580	54,190	101.14
2021	836,790	51.000	42,676	42,704	100.06
2022	1,140,570	51.000	58,169	58,565	100.68
Estimated for the Year Ending December 31, 2023	\$ 1,981,510	60.000	\$ 118,891		

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 assessments.