

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
El Paso County, Colorado**

**FINANCIAL STATEMENTS December 31, 2016**

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**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

As management of the Colorado Springs Urban Renewal Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2016.

**Financial Highlights**

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$49,038,892 at the close of the fiscal year. This is primarily due to the Authority being responsible for the repayment of bonds issued for public improvements which have been conveyed to the City of Colorado Springs and which costs have been removed from the Authority's financial records.
- As of the close of the current fiscal year, the Authority governmental funds reported combined ending fund balances of \$13,136,827.
- Total cash and investments increased by \$7,625,244 as compared to the prior year, mainly resulting from the incremental sales tax received by the Authority dedicated to the City for Champions project and the bond refunding.
- Incremental property taxes increased by \$832,601 as compared to the prior year with the majority related to the increased assessed valuation at North Nevada, Gold Hill Mesa and Copper Ridge project areas.
- Incremental sales taxes increased by \$133,948 as compared to the prior year with the majority related to City for Champions project.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$417,821, or 118% of total general fund expenditures.
- Total debt increased by \$10,057,050 during the current fiscal year, mainly resulting from the bond refunding on Series 2008 debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of the three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-section business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains six major governmental funds and four nonmajor governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds - General Fund, North Nevada Debt Service Fund, Ivywild Neighborhood Debt Service Fund, Gold Hill Mesa Capital Projects Fund, Copper Ridge Capital Projects Fund, City of Champions Capital Projects Funds (comprised of separate funds for the six project elements: Administrative, U.S. Olympic Museum and Hall of Fame, Colorado Sports and Event Complex, UCCS Sports Medicine and Performance, U.S. Air Force Academy Visitors Center, Flexible Sub-Account) and the nonmajor funds – Vineyards Capital Projects Fund, City Auditorium Capital Projects Fund, City Gate Capital Projects Fund, and Southwest Downtown Capital Projects Fund.

The Authority adopts an annual budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-26 of this report.

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**Supplementary and Other information.** The report includes individual fund schedules. Budgetary comparison schedules have been provided in this section for the debt service funds and the capital projects funds to demonstrate compliance with these budgets. The budget schedules are found after the basic financial statements on pages 27-42 of this report.

**Government-wide Financial Analysis**

**Net Position**

	<b>2016</b>	<b>Restated 2015</b>
	<hr/>	<hr/>
Current assets	\$ 17,218,953	\$ 8,723,839
Other assets	<u>1,522,750</u>	-
	<hr/>	<hr/>
Total assets	<u>18,741,703</u>	<u>8,723,839</u>
Deferred outflows of resources	<u>6,388,064</u>	-
	<hr/>	<hr/>
Current liabilities	238,405	2,574,627
Long-term obligations	<u>68,408,583</u>	<u>58,351,533</u>
Total liabilities	<u>68,646,988</u>	<u>60,926,160</u>
	<hr/>	<hr/>
	<u>5,521,671</u>	<u>3,354,771</u>
Deferred inflows of resources Restricted for:		
Debt Service	1,126,578	930,886
Capital projects	8,079,808	4,240,006
Unrestricted	<u>(58,245,278)</u>	<u>(60,727,984)</u>
Total net position	<u>\$ (49,038,892)</u>	<u>\$ (55,557,092)</u>
	<hr/>	<hr/>

As noted earlier, net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2016 and 2015 ended with total assets valued at \$18,741,703 and \$8,723,839, respectively, with outstanding liabilities of \$68,646,988 and \$60,926,160, respectively. The Authority's assets consist primarily of cash and investments, current receivables, and prepaid expenses.

**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

Current assets increased by \$8,495,114 resulting from incremental sales tax received by the Authority dedicated to the City for Champions project and the result of bond refunding. Longterm obligations increased by \$10,057,050 mainly resulting from the bond refunding on 2008 debt.

The Authority had public improvements which were transferred in prior years to the City of Colorado Springs for maintenance responsibility. The Authority is responsible for the repayment of bonds issued to construct these improvements. Consequently, a deficit balance is reflected on the Authority's statement of net position.

**Change in Net Position**

	<b>2016</b>	<b>Restated 2015</b>
	<hr/>	<hr/>
Revenues		
Program revenues		
Charges for services	\$ 529,044	\$ 255,344
Operating grants and contributions	87,104	
General revenues:		91,423
Incremental property taxes	3,352,096	2,519,495
Incremental sales taxes	7,258,759	7,124,811
Net investment income	<u>35,933</u>	<u>3,983</u>
Total revenues	<u>11,262,936</u>	<u>9,995,056</u>
Expenses		
General government	(1,767,558)	(1,738,949)
Interest and related costs on long-term debt	<u>(2,977,178)</u>	<u>(4,045,675)</u>
Total expenses	<u>(4,744,736)</u>	<u>(5,784,624)</u>
Change in net position	6,518,200	4,210,432
Net position - Beginning	<u>(55,557,092)</u>	<u>(59,767,524)</u>
Net position - Ending	<u>\$ (49,038,892)</u>	<u>\$ (55,557,092)</u>
	<hr/>	<hr/>



**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

The Authority's total revenue increased by \$1,267,880. Incremental property taxes increased \$832,601 mainly resulting from increased assessed valuation in the North Nevada, Gold Hill Mesa and Copper Ridge project areas. Incremental sales taxes increased by \$133,948 with the majority related to the City for Champions project.

The Authority's net position increased \$6,518,200 mainly due to the increase in incremental property taxes related to the North Nevada, Gold Hill Mesa and Copper Ridge project areas, the result of bond refunding and the principal reduction on Series 2016A Senior Loan.

**Financial Analysis of the Government's Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$13,136,827. Of this balance, \$7,420 is nonspendable due to a prepaid amount recorded at year end, \$8,079,808 is restricted for North Nevada Neighborhood and \$15,739 is restricted for Ivywild Neighborhood debt service, \$8,079,808 is being restricted for the use of the specific Urban Renewal Plan project and Regional Tourism Act areas, and \$417,821 constitutes the unassigned fund balance, which is available for spending at the government's discretion within the parameters established for the General Fund.

The General Fund is the operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the general fund was \$417,821 out of a total fund balance of \$425,241.

The North Nevada Debt Service Fund has a total fund balance of \$4,616,039 all of which is restricted for the repayment of bond indebtedness.

The Ivywild Neighborhood Debt Service Fund has a total fund balance of \$15,739 all of which is restricted for the repayment of loan an annual administration fees.

The Gold Hill Mesa Capital Projects Fund has a total fund balance of \$325, all of which is restricted for TIF reimbursement.

The Copper Ridge Capital Projects Fund has a total fund balance of \$2,440,572 all of which is restricted for future capital improvements.

The City for Champions Capital projects Fund has a total fund balance of \$5,573,474 all of which is restricted for certified costs related to the six project elements: Administrative, U.S. Olympic

**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

Museum and Hall of Fame, Colorado Sports and Event Complex, UCCS Sports Medicine and Performance, U.S. Air Force Academy Visitors Center, Flexible Sub-Account.

The Vineyards Capital Projects Fund has a total fund balance of \$53,552 all of which is restricted for the repayment of the advance made by the Developer on the first payment of annual administration fees.

The City Gate Capital Projects Fund has a total fund balance of \$105 all of which is restricted for the use of the specific Urban Renewal Plan.

The Southwest Downtown Capital Projects Fund has a total fund balance of \$11,780 all of which is restricted for the use of the specific Urban Renewal Plan.

### **General Fund Budgetary Highlights**

The Authority's total expenditures for 2016 exceeded the original budgeted appropriations by \$9,243. The difference between the original budgeted revenue of \$404,388 and the actual revenue of \$568,148 was \$163,760. This favorable variance was primarily attributable to the receipts of administration fees and reimbursed expenditures on the different capital project areas.

### **Long-Term Debt**

At the end of the current fiscal year, the Authority had total outstanding senior loan and subordinate bond indebtedness of \$59,219,000. The Authority's Series 2016A Senior Loan matures December 1, 2030 and pays interest on a variable rate monthly (see Note 4). The actual amounts of payments to be made in future years will depend on future revenues and cannot be predicted with certainty. The Authority's Series 2016B Subordinate Bonds bear interest at 6.75%, payable annually on December 15, and interest and principal are being paid based on the availability of funds from Pledged Revenue. The Authority also has the following loans under long-term debt:

- University of Colorado, Colorado Springs, Loan in the principal amount of \$3,394,803. The loan has an interest rate of 5.45%, compounded semi-annually.
- Memorandum of Understanding – City of Colorado Springs – Sales Tax in the principal amount of \$158,474 with an interest rate of 5.00% compounding annually until paid in full. The actual amounts of principal payments to be made in the future will depend on future pledged revenues and cannot be predicted with certainty.
- The Culebra Properties Limited Liability Company, Ivywild Neighborhood Loan in the principal amount of \$778,000. The loan maturing June 30, 2028 bears an interest rate of 7.00% per annum until paid in full, payable quarterly on March 31, June 30, September 30 and December 31 of each calendar year.
- The University Village Developers LLC, Advanced Funds Note in the principal amount of \$2,500,000. The note has an interest rate of 6.50% per annum until paid in full.

Additional information on the Authority's long-term debt can be found in Note 4 on page 16.

**Colorado Springs Urban Renewal Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

**Next Year's Budgets**

The Authority has appropriated \$52,644,659 in all funds for spending in the 2017 fiscal year budget and anticipates that beginning fund balances, administration fees, incremental property taxes, incremental sales taxes, debt issuance proceeds, and reimbursed expenditures will be sufficient to cover these expenditures.

**Requests for Information**

This financial report is designed to provide a general overview of the Colorado Springs Urban Renewal Authority finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Colorado Springs Urban Renewal Authority, 102 S. Tejon St., Unit 350, Colorado Springs, CO 80903.

## **BASIC FINANCIAL STATEMENTS**

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

**Governmental  
Activities**

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**ASSETS**

Cash and investments		\$ 423,206
Cash and investments - Restricted	12,076,757	Accounts receivable 48,000
Incremental property tax receivable	3,998,921	Incremental sales tax receivable
	664,649	
Interest rate SWAP		1,522,750
Prepaid expenses		<u>7,420</u>
Total assets		<u>18,741,703</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Loss on refunding		<u>6,388,064</u>
Total deferred outflows of resources		<u>6,388,064</u>

**LIABILITIES**

Accounts payable	61,996	Escrow - South Nevada
payable	155,200	21,209
Noncurrent liabilities		Accrued interest
Due in more than one year		<u>68,408,583</u>
Total liabilities		<u>68,646,988</u>

**DEFERRED INFLOWS OF RESOURCES**

Incremental property tax revenue		3,998,921
Interest rate SWAP		<u>1,522,750</u>
Total deferred inflows of resources		<u>5,521,671</u>

**NET POSITION**

Restricted for:		
Debt Service		1,126,578
Capital projects		8,079,808
Unrestricted		<u>(58,245,278)</u>
Total net position		<u>\$ (49,038,892)</u>

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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

Grants and	Governmental <u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
			Charges Services	Operating Contributions	Capital for Contributions	Grants and Activities
Primary government:						
Government activities:						
	General government	\$ 1,767,558	\$ 529,044	\$ 87,104	\$ -	\$ (1,151,410)
	Interest and related costs on long-term debt	<u>2,977,178</u>	-	-	-	<u>(2,977,178)</u>
		<u>\$ 4,744,736</u>	<u>\$ 529,044</u>	<u>\$ 87,104</u>	<u>\$ -</u>	<u>(4,128,588)</u>
General revenues:						
	Incremental property taxes					3,352,096
	Incremental sales taxes					7,258,759
	Net investment income					<u>35,933</u>
	Total general revenues					<u>10,646,788</u>
	Change in net position					6,518,200
	Net position - Beginning					<u>(55,557,092)</u>
	Net position - Ending					<u>\$ (49,038,892)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

IS PROVIDED ON THESE STATEMENTS.  
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COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
BALANCE SHEET GOVERNMENTAL FUNDS  
December 31, 2016

	North	Ivywild	Gold Hill	Copper				
	Nevada	Neighborhood	Mesa	Ridge	City for	Nonmajor	Total	
	Debt	Debt	Capital	Capital	Champions	Governmental	Governmental	
	General	Service	Service	Projects	Projects	Funds	Funds	Funds
<b>ASSETS</b>								
Cash and investments	\$ 423,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,206
Cash and investments - Restricted	-	4,074,475	608	325	2,332,618	5,582,085	86,646	12,076,757
Accounts receivable	48,000	-	-	-	-	-	-	48,000
Prepaid expenses	7,420	-	-	-	-	-	-	7,420
Due from City for Champions Funds	8,611	-	-	-	-	-	-	8,611
Incremental property taxes receivable	-	1,487,241	91,842	717,933	1,578,923	-	122,982	3,998,921
Incremental sales taxes receivable	-	541,564	15,131	-	107,954	-	-	664,649
<b>TOTAL ASSETS</b>	<b>\$ 487,237</b>	<b>\$ 6,103,280</b>	<b>\$ 107,581</b>	<b>\$ 718,258</b>	<b>\$ 4,019,495</b>	<b>\$ 5,582,085</b>	<b>\$ 209,628</b>	<b>\$ 17,227,564</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
								Total liabilities
								61,996
<b>LIABILITIES</b>								
Accounts payable	\$ 61,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,996
Escrow - Southwest Downtown	-	-	-	-	-	-	21,209	8,611
Due to General Fund	-	-	-	-	-	8,611	-	21,209
91,816								8,611
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Incremental property tax revenue	-	1,487,241	91,842	717,933	1,578,923	-	122,982	3,998,921
Total deferred inflows of resources	-	1,487,241	91,842	717,933	1,578,923	-	122,982	3,998,921
<b>FUND BALANCES</b>								
Nonspendable	7,420	-	-	-	-	-	-	7,420
Restricted	-	4,616,039	15,739	325	2,440,572	5,573,474	65,437	12,711,586
Unassigned	417,821	-	-	-	-	-	-	417,821
Total fund balances	425,241	4,616,039	15,739	325	2,440,572	5,573,474	65,437	13,136,827
<b>OF RESOURCES AND FUND BALANCES</b>	<b>\$ 487,237</b>	<b>\$ 6,103,280</b>	<b>\$ 107,581</b>	<b>\$ 718,258</b>	<b>\$ 4,019,495</b>	<b>\$ 5,582,085</b>	<b>\$ 209,628</b>	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.



Loss on refunding	6,388,064
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:	
Ivywild Neighborhood loan	(778,000)
Note payable - City of Colorado Springs - Sales tax	(158,474)
Note payable - University of Colorado - Foundation loan	(3,394,803)
Note payable - University Village Developers - Advanced Funds Note	(2,500,000)
Accrued interest payable - Ivywild Neighborhood loan	(94,553)
Accrued interest payable - City of Colorado Springs - Sales tax	(79,545)
Accrued interest payable - University of Colorado - Foundation loan	(1,218,485)
Accrued interest payable - University Village Developers - Advanced Funds Note	(965,723)
Loan payable - Series 2016A	(53,340,000)
Bonds payable - Series 2016B	(5,879,000)
Bond interest payable	(155,200)
Net position of governmental activities	<u>\$ (49,038,892)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

IS PROVIDED ON THESE STATEMENTS.

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**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS**  
Year Ended December 31, 2016

	General	North Nevada Debt Service	Ivywild Neighborhood Debt Service	Gold Hill Mesa Capital Projects	Copper Ridge Capital Projects	City for Champions Funds	Nonmajor Governmental Funds	Total Governmental Funds
Total revenues	616,148	5,247,478	138,266	606,210	1,816,798	2,729,235	108,801	<u>11,262,936</u>
<b>EXPENDITURES</b>								
Current								
Administrative expenditures	-	-	-	-	-	2,580	-	2,580
Audit	5,500	-	-	-	-	2,355	-	7,855
CSEC expenditures	-	-	-	-	-	856	-	856
Consulting services	75,630	-	-	-	-	5,909	-	81,539
Contracted services	144,889	-	-	-	-	-	-	144,889
Dues and memberships	1,848	-	-	-	-	-	-	1,848
Insurance	3,782	-	-	-	-	-	-	3,782
Legal	40,502	-	-	-	-	-	-	40,502
Meetings	4,286	-	-	-	-	-	-	4,286
Miscellaneous	4,711	-	-	-	-	-	-	4,711
Office expense	2,863	-	-	-	-	-	-	2,863

**REVENUES**

Administration fees	\$ 529,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529,044
Net investment income	-	29,551	1,395	841	1,000	3,079	67	35,933
Incremental property taxes	-	1,203,224	90,074	605,369	1,344,695	-	108,734	3,352,096
Incremental sales taxes	-	4,014,703	46,797	-	471,103	2,726,156	-	7,258,759
Reimbursed expenditures	<u>87,104</u>	-	-	-	-	-	-	<u>87,104</u>

Project management	-	-	-	-	-	8,935	-	8,935
Services - General	28,603	-	-	-	-	-	-	28,603
Telephone/cell phone	1,379	-	-	-	-	-	-	1,379
USOM expenses	-	-	-	-	-	15,213	-	15,213
Debt service	-	-	-	-	-	-	-	804
Cash management fees	-	804	-	-	-	-	-	19,441
County Treasurer's fees	-	18,069	1,372	-	-	-	-	1,472,625
Bond interest - Series 2008A	-	1,472,625	-	-	-	-	-	466,937
Loan interest - Series 2016A	-	466,937	-	-	-	-	-	2,660,000
Loan principal - Series 2016A	-	2,660,000	-	-	-	-	-	122,357
Bond interest - Series 2016B	-	122,357	-	-	-	-	-	96,462
Loan interest - Ivywild	-	-	96,462	-	-	-	-	250,000
Administration fees	-	250,000	-	-	-	-	-	2,750
Paying agent fees	-	2,750	-	-	-	-	-	1,976
Sales tax collection fee	-	1,976	148	-	615	-	-	1,712,898
Cost of issuance	-	1,712,898	-	-	-	-	-	9,093
Capital projects	-	-	-	9,093	20,185	-	1,632	30,910
County Treasurer's fees	-	-	-	50,000	60,000	-	88,721	231,044
Administration fees	-	-	32,323	514,000	274,503	-	-	788,503
TIF reimbursements	-	-	-	32,792	-	-	-	32,792
TIF reimbursement - School District 11	-	-	-	-	-	-	-	333,853
Capital outlay	-	-	-	-	<u>333,853</u>	-	-	<u>333,853</u>
Total expenditures	<u>313,993</u>	<u>6,708,416</u>	<u>130,305</u>	<u>605,885</u>	<u>689,156</u>	<u>35,848</u>	<u>90,353</u>	<u>8,573,956</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>302,155</u>	<u>(1,460,938)</u>	<u>7,961</u>	<u>325</u>	<u>1,127,642</u>	<u>2,693,387</u>	<u>18,448</u>	<u>2,688,980</u>
<b>OTHER FINANCING SOURCES (USES)</b>								

Loan proceeds - Series 2016A	-	56,000,000	-	-	-	-	-	56,000,000
Bond proceeds - Series 2016B	-	5,879,000	-	-	-	-	-	5,879,000
Payment to escrow account	-	(56,725,131)	-	-	-	-	-	(56,725,131)
Total other financing sources (uses)	-	<u>5,153,869</u>	-	-	-	-	-	<u>5,153,869</u>

DRAFT. NO ASSURANCE

FINANCIAL

<b>NET CHANGE IN FUND BALANCES</b>	302,155	325	3,692,931		1,127,642	2,693,387	18,448	7,842,849	<b>FUND BALANCES</b>
- <b>BEGINNING OF YEAR</b>	123,086	1,312,930		7,961		2,880,087	46,989	5,293,978	
<b>FUND BALANCES - END OF YEAR</b>		\$ 923,108		7,778	425,241	\$ 4,616,039	\$ 15,739	\$ 2,440,572	\$ 5,573,474
65,437	\$ 13,136,827								

These financial statements should be read only in connection with **IS PROVIDED ON THESE** **th** **STATEMENTS.**  
the accompanying notes to financial statements.



**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2016**

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

Net change in fund balances - Total governmental funds	\$ 7,842,849
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Long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment - Series 2016A	2,660,000
Ivywild Neighborhood loan - interest payment	96,462
Bonds refunded and paid - Series 2008A and 2008B	49,510,000
Loan issuance - Series 2016A	(56,000,000)
Bond issuance - Series 2016B	(5,879,000)
Loss on refunding	6,388,064

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 Ivywild Neighborhood loan	(63,829)
Accrued interest on notes payable - City of Colorado Springs - Change in liability	(11,334)
Accrued interest on notes payable - University of Colorado - Change in liability	(215,681)
Accrued interest on notes payable - University Village Developers - Change in liability	(153,668)
Accrued interest on bonds payable - Change in liability	<u>2,344,337</u>

Changes in net position of governmental activities	<u>\$ 6,518,200</u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2016**

**EXPENDITURES**

Audit	5,500	5,500	5,500	-
Consulting services	96,000	75,630	75,630	-
Contracted services	135,000	1 44,889	144,889	-
Dues and memberships	850	1,848	1,848	-
Insurance	4,600	3,782	3,782	-
Legal - General	18,000	30,926	30,926	-
Legal - Capital projects	30,000	9,576	9,576	-
Meetings	2,000	4,286	4,286	-
Miscellaneous	6,000	4,711	4,711	-
Office expense	2,000	2,863	2,863	-
Services - General	3,000	28,603	28,603	-
Telephone/cell phone	<u>1,800</u>	<u>1,379</u>	<u>1,379</u>	-
				<b>Variance with</b>
				<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
	<b>Budget Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	
<b>REVENUES</b>				
Administration fees	\$ 353,388	\$ 529,044	\$ 529,044	\$ -
Other income	1,000	-	-	-
Reimbursed expenditures	<u>50,000</u>	<u>87,104</u>	<u>87,104</u>	<u>-</u>
Total revenues	<u>404,388</u>	<u>616,148</u>	<u>616,148</u>	<u>-</u>
Total expenditures	<u>304,750</u>	<u>313,993</u>	<u>313,993</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>99,638</u>	<u>3 02,155</u>	<u>302,155</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>167,143</u>	<u>1 23,086</u>	<u>123,086</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 266,781</u>	<u>\$ 425,241</u>	<u>\$ 425,241</u>	<u>\$ -</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

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**NOTE 1 - DEFINITION OF REPORTING ENTITY**

The Colorado Springs Urban Renewal Authority (Authority) was formed by resolution passed February 24, 1970, by the City Council of the City of Colorado Springs, Colorado (the City) pursuant to the Colorado Urban Renewal Law, Colorado Revised Statutes. The purpose of the Authority is to acquire and develop certain blighted areas in the City to maintain the public welfare.

The Authority currently has fourteen outstanding project plans; they are identified as follows:

- 1) Southwest Downtown - The project area was approved in 2001 and will end in 2026.
- 2) North Nevada Corridor - The project area was approved in 2004 and will end in 2029. This is primarily a retail redevelopment and is currently in an active redevelopment stage.
- 3) Gold Hill Mesa - The project area was approved in 2005 and will end in 2030. This is a mixed use redevelopment and is currently in an active stage.
- 4) City Auditorium - The project area was approved in 2006 and will end in 2031. There is currently no redevelopment activity.
- 5) City Gate - The project area was approved in 2007. There is currently no redevelopment activity.
- 6) Copper Ridge - The project area was approved in 2010. This is primarily an upscale retail redevelopment. It is currently in an active redevelopment stage related to the retail development. There is currently no redevelopment activity on the extension of Powers Blvd.
- 7) Ivywild Neighborhood - The project area was approved in 2011. It is currently in an active redevelopment stage.
- 8) Vineyards - The project area was approved in 2011. There is currently infrastructure under construction.
- 9) City for Champions - The project elements include:
  - a) US Olympic Museum and Hall of Fame - The project area receives 42% of the City for Champions increment.
  - b) Colorado Sports and Event Complex - The project area receives 23% of the City for Champions increment.
  - c) UCCS Sports Medicine and Performance - The project area receives 14% of the City for Champions increment.
  - d) US Air Force Academy Visitors Center - The project area receives 5% of the City for Champions increment.
  - e) Flexible Sub-Account - The sub-account receives 16% of the City for Champions increment.
- 10) Gold Hill Mesa Commercial - The project area was approved in December 2015.
- 11) South Nevada Avenue - The project area was approved in December 2015. There is currently infrastructure under construction.

The Authority 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.



**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Authority is considered a component unit of the City since the Authority's tax increment financing indicates financial accountability with the City, due to the benefits redevelopment will provide the City. The Mayor appoints the Authority board members and the City Council approves the appointment. City Council reviews the Urban Renewal Plans and any changes thereto. Legal counsel is in the opinion that under state statutes, the City is not liable with respect to the bonds issued by the Authority.

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

The more significant accounting policies of the Authority 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 Authority. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

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 Authority 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 or will be incremental property tax and incremental sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The Authority reports the following major governmental funds:

The General Fund is the Authority'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 North Nevada Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the North Nevada urban renewal project area.

The Ivywild Neighborhood Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the Ivywild Neighborhood urban renewal project area.

The Gold Hill Mesa Capital Projects Fund is used to account for financial resources to be used for the reimbursement of public infrastructure in the Gold Hill Mesa urban renewal project area.

The Copper Ridge Capital Projects Fund is used to account for financial resources to be used for the reimbursement, acquisition and construction of public infrastructure in the Copper Ridge urban renewal project area.

The City for Champions Capital Projects Fund is used to account for financial resources to be used for the reimbursement of costs related to the five project elements: U.S. Olympic Museum and Hall of Fame, Colorado Sports and Event Complex, U.C.C.S. Sports Medicine and Performance Center, U.S. Air Force Academy Visitors Center and Flexible Sub-Account.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Authority's administrative function and various other functions of the Authority. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported a general revenues rather than as program revenue. Likewise, general revenues include all incremental taxes received by the Authority.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

**Budgets**

In accordance with the State Budget Law, the Authority's Board of Commissioners 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 Authority's Board of Commissioners 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 Authority has amended its annual budget for the year ended December 31, 2016.

**Pooled Cash and Investments**

The Authority 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.

Investments are carried at fair value.

**Interfund Balances**

The Authority reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statement except for the residual balances between the governmental activities and businesstype activities, which are reported as internal balances.

**Incremental Property Taxes**

The Authority receives incremental property tax revenue for each of the active Urban Renewal areas. 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.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

Property taxes are levied by various taxing entities in each of the project areas 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.

**Incremental Sales Tax**

On June 12, 2007, the Authority entered into a Cooperation Agreement with the City, allowing the Authority to receive incremental sales tax generated from the North Nevada project area which is received by the Authority from the City's general sales tax of 2%, in excess of the sales tax base amount of \$375,603. The base calculation period used by the City is calculated from December through November of each year. The term of the agreement is for 23 years and the aggregate incremental sales tax revenues available to the Authority shall not exceed \$98,800,000.

On January 24, 2012, the Authority entered into a Cooperation Agreement with the City, allowing the Authority to receive incremental sales tax generated from the Ivywild Neighborhood project area which is received by the Authority from the City's general sales tax of 2%, in excess of the sales tax base amount of \$62,693. The term of the agreement is from January 24, 2012 through June 28, 2036.

On October 22, 2013, the Authority entered into a Cooperation Agreement with the City and Copper Ridge Metropolitan District, allowing the Authority to receive incremental sales tax generated from the Copper Ridge project area for a period of up to 25 years. Pursuant to the agreement, the Authority will receive from the City's general sales tax of 1%, in excess of the sales tax base amount of \$30,272.

Pursuant to the Resolution by the Colorado Economic Development Commission Concerning the Allocation of State Sales Tax Increment Revenue for the Colorado Springs City for Champions Project, executed on November 25, 2013, the Authority is receiving a percentage of the state sales tax increment revenue that is dedicated to the City for Champions Project, subject to an aggregate cap of \$120,500,000. The portion of state sales tax revenue collected within the boundaries of the regional tourism zone in excess of the base year revenue multiplied by 13.08% is dedicated to the Authority. The base year revenue is identified the state sales tax revenue collected from taxable transactions occurring within the regional tourism zone during the twelve-month period beginning on December 1, 2012 and ended on November 30, 2013.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

**Capital Assets**

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority 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 estimated fair 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 component of the Authority's net position.

It is the policy of the City to accept maintenance responsibility for all major public infrastructure within the City upon the Authority's completion and conveyance of such improvements provided they meet the City's specifications.

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.

**Amortization**

In the government-wide financial statements, the loss on bond refunding is being amortized using the interest method over the life of the refunded bonds. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred inflow of resources.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. Accordingly, the item, loss on refunding, is deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Fund Equity**

***Net Position***

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the Authority'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 Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.
- *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 Commissioners 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.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

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

**Reclassifications**

For comparability, certain 2015 amounts have been reclassified where appropriate to conform with the 2016 financial statements presentation.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 423,206
Cash and investments - Restricted <u>12,076,757</u>	Total cash and investments <u>\$ 12,499,963</u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 6,911,116
Investments	<u>5,588,847</u>
Total cash and investments	<u>\$ 12,499,963</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.

As of December 31, 2016, the Authority's cash deposits had a bank balance of \$6,912,891 and a carrying balance of \$6,911,116.

**Investments**

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

The Authority 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 Commissioners. Such actions are generally associated with a debt service reserve or sinking fund requirements.



**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND 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

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

As of December 31, 2016, the Authority had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Local Government	Weighted average	
Liquid Asset Trust (Colotrust)	under 60 days	<u>\$ 5,588,847</u>

**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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS**

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.

The following is an analysis of changes in Authority's long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
Series 2008A Senior					
Special Revenue Bonds	\$ 42,075,000	\$ -	\$ 42,075,000	\$ -	\$ -
Series 2008B Subordinate					
Special Revenue Bonds	7,435,000	-	7,435,000	-	-
Series 2016A Senior Loan	-	56,000,000	2,660,000	53,340,000	-
Series 2016B Subordinate Bonds	-	5,879,000	-	5,879,000	-
Ivywild Loan	778,000	-	-	778,000	-
Memorandum of understanding - City of Colorado Springs - Sales tax	158,474	-	-	158,474	-
Note payable - University of Colorado - Colorado Springs - Loan	3,394,803	-	-	3,394,803	-
Note payable - University Village Developers - Advanced Funds Note	2,500,000	-	-	2,500,000	-
Accrued interest - Ivywild Loan	127,186	63,829	96,462	94,553	-
Accrued interest - City of Colorado Springs - Sales tax	68,211	11,334	-	79,545	-
Accrued interest - University of Colorado Colorado Springs - Loan	1,002,804	215,681	-	1,218,485	-
Accrued interest - University Village Developers - Advanced Funds Note	<u>812,055</u>	<u>153,668</u>	-	<u>965,723</u>	-
	<u>\$ 58,351,533</u>	<u>\$ 62,323,512</u>	<u>\$ 52,266,462</u>	<u>\$ 68,408,583</u>	<u>\$ -</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
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The details of the Authority's long-term obligations are as follows:

**Advanced Funds Note**

An Advanced Funds Note in the amount of \$15,997,000 was issued on February 1, 2008, between the Authority and University Village Developers, LLC (Note Holder). The Note shall be payable in full on or before December 31, 2010. The Authority made a partial payment of \$13,497,000 from the initial draw on the proceeds of the Senior Bonds. The note bore no interest until maturity on December 31, 2010, and after that date interest began to accrue at the rate of 6.50% per annum on the unpaid balance. As of December 31, 2016, the outstanding principal and accrued interest on the Note are \$2,500,000 and \$965,723, respectively.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
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**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

**University of Colorado, Colorado Springs, Loan**

On March 20, 2008, the Authority entered into a loan with the University of Colorado, Colorado Springs, in the principal amount of \$3,400,000 to construct pedestrian underpass under North Nevada Avenue and to place electrical lines underground along the same avenue.

The loan will bear an interest rate of 4.50% compounded semi-annually. Repayment is due five years from the date of the first draw down payment and expected to come from the proceeds of a future bond issuance by the Authority. On November 10, 2016, the loan agreement was amended for up to an additional five (5) year period, effective beginning upon the April 1, 2014, expiration of the repayment term. The loan was amended for the second time on August 24, 2016. Pursuant to the Second Loan Agreement Amendment, the interest rate applicable to amounts outstanding shall be changed to 5.45% per annum effective on the second amendment date. In addition, the parties agree to extend the loan agreement to December 31, 2030. As of December 31, 2016, the total amount of funds advanced under this agreement was \$3,394,803.

**Memorandum of Understanding - City of Colorado Springs - Sales Tax**

On January 15, 2009, the Authority entered into a Memorandum of Understanding with the City of Colorado Springs (the City) with regard to the sales tax base amount as it relates to the 2008 Bond issuance. The amount originally certified by the City to be the base amount was \$421,682 and since agreed that the base amount should be \$375,603.

The Authority agrees that the City had previously overpaid the Authority with respect to the sales tax increment in the North Nevada Project Area and has agreed to repay the City \$158,474. Such payment shall be made to the extent the Authority receives amounts free and clear of the Indenture pursuant to Section 5.01(m) of the Indenture from time to time. The parties have agreed that the amount shall bear interest at the rate of 5.00% compounding annually until paid in full.

As of December 31, 2016, no payments have been made to the City under this agreement. The actual amounts of principal payments to be made in the future will depend on future pledged revenues and cannot be predicted with certainty.

**The Culebra Properties Limited Liability Company, Ivywild Neighborhood Loan**

On March 21, 2012, the Authority entered into a loan agreement with the Culebra Properties Limited Liability Company (Lender) in the amount of \$778,000. The Loan, maturing June 30, 2028, bears an interest rate of 7% per annum until the Loan is paid in full, payable quarterly March 31, June 30, September 30 and December 31 of each calendar year, commencing March 31, 2013. The Loan was issued to (i) provide financing for the Ivywild Neighborhood Urban Renewal Project (Project), and (ii) paying costs of issuance of the Loan.

The Loan is secured and payable from the Pledged Revenue, consisting of monies derived by (1) the Incremental Property Tax Revenues, (2) the Incremental Sales Tax Revenues, (3) all amounts held in the Loan Payment Fund together with investment earnings thereon; and (4) all other legally

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
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**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

available monies which the Authority determines, in its sole discretion, to deposit in the Loan Payment Fund. The Authority shall credit all amounts comprising Pledged Revenue to the Loan Payment Fund. The monies in the Loan Repayment Fund will be used to pay interest and principal due on the loan. Any interest not paid when due shall continue to accrue until paid in full, and shall compound annually beginning on June 30, 2014. Repayment of the loan principal shall be due and payable on each payment date, to the extent of Pledged Revenue available. The full amount of the Loan shall become due and payable on the maturity date.

A debt service schedule cannot be determined as interest and principal are being paid based on the availability of funds from Pledged Revenue.

**Senior Loan, Series 2016A and Subordinate Bonds, Series 2016B**

On August 24, 2016, the Authority entered into the Senior Loan Agreement with U.S. Bank (Lender) and issuing the Subordinate Bonds in the amounts of \$56,000,000 and \$5,879,000, respectively. The proceeds from the Senior Loan and Subordinate Bonds are used to: (i) refund the Authority's outstanding Tax Increment Revenue Bonds (University Village Colorado Project), Series 2008A Senior and Tax Increment Revenue Bonds (University Village Colorado Project), Series 2008B Subordinate (Convertible to Senior); (ii) provide a deposit to the Senior Loan Debt Service Reserve Fund; and, (iii) pay the costs of issuance of the Senior Loan and Subordinate Bonds.

The Senior Loan bears interest at a variable rate per annum equal to: (a) prior to the Maturity Date, the sum of (i) 70% of the One Month LIBOR Rate and (ii) the Applicable Margin (as further described in the Senior Loan Agreement); and (b) from and after the Maturity Date, to the extent that any principal amounts remain due with respect to the Senior Loan, the sum of (i) the Daily Reset LIBOR Rate and (ii) 5.0% per annum. Interest is due on the first day of each calendar month, which date shall be subject to adjustment in accordance with the Modified Following Business Day Convention, commencing October 1, 2016, and including the Maturity Date of August 24, 2026. Principal is due annually on December 1 beginning December 1, 2016, through the Maturity Date.

The Authority and Lender agree that all Senior Loan payment obligations payable during a fiscal year are limited to the amount of the Annual Senior Payment Cap for such fiscal year and that the Authority is not obligated, nor permitted by the Custodial Agreement, to pay any Senior Payment Obligation in excess of such Annual Senior Payment Cap for such fiscal year.

Senior Pledged Revenue as defined in the Senior Loan Agreement means: (a) the Incremental Tax Revenue; (b) any Counterparty Net Regularly Scheduled Swap Payments; (c) any Termination Payments paid by the 2016 Senior Swap Counterparty; and (d) any other legally available moneys which the Authority determines to credit to the Senior Pledged Revenue Fund; provided that with respect to any Fiscal Year, if the amount of Senior Payment Obligations paid during such Fiscal Year shall equal the Annual Senior Payment Cap for such Fiscal Year, all Incremental Tax Revenues received during such Fiscal Year not applied to the payment of such Senior Payment Obligations up to the amount of such Annual Senior Payment Cap shall cease to be Senior Pledged Revenue and shall thereafter be Subordinate Pledged Revenue and used

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
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**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

as provided in the Subordinate Indenture. Incremental Tax Revenue means (a) Incremental Property Tax Revenue in excess of the Authority's Retained Operating Revenue of \$50,000 per Fiscal Year; and (b) Incremental Sales Tax Revenue.

The Senior Loan is further secured by a Reserve Fund to be funded from proceeds of the Senior Loan in the amount of the Reserve Fund Requirement of \$3,350,000.

The Subordinate Bonds were issued at the rate of 6.75% per annum and payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds mature on December 15, 2030, and are subject to optional redemption prior to maturity.

The Subordinate Bonds are special and limited revenue obligations of the Authority, payable solely from the Trust Estate, which is pledged and assigned pursuant to the Subordinate Indenture for the payment of the principal of and interest on the Subordinate Bonds. The Trust Estate consists of Subordinate Pledged Revenue, the Subordinate Bond Fund and all other moneys, securities, revenues, receipts, and funds from time to time held by the Trustee under the terms of the Subordinate Indenture, other than the Costs of Issuance Fund. Subordinate Pledged Revenue means (a) the Incremental Tax Revenue in any Fiscal Year in excess of the Annual Senior Payment Cap; and (b) any other legally available moneys which the Authority determines to credit to the Subordinate Bond Fund. If the Incremental Tax Revenue does not exceed the Annual Senior Payment Cap, then it is not anticipated that there will be Subordinate Pledged Revenue available to pay debt service on the Subordinate Bonds.

The Authority's debt maturities for the Senior Loan and Subordinate Bonds cannot be determined as payments are based on the availability of funds.

**Derivatives**

**Swap Agreement**

On August 24, 2016 the Authority entered into an interest rate swap transaction (hedging derivative instrument) (the Swap) with U.S. Bank National Association (the Bank) in order to hedge interest rates and protect against rising interest rates. The Swap is associated with the Series 2016A Senior Loan, and used the debt service maturity schedule of the Series 2016A Senior Loan as the notional amount of the Swap. An International Swaps and Derivatives Association (ISDA) Master Agreement was used to develop the Swap which is set to terminate on December 1, 2030 (Terminate Date).

From the effective date of the agreement through Terminate Date, the Authority is the fixed rate payer under the Swap, paying a rate of 1.1045%, on the 1st day of each month, based on a 30/360 day count. The Bank is the floating rate payer, paying the current 70% of a 1-month LIBOR rate based on an actual/360 day count.

The following is the projected payments based on the interest rate Swap transaction as of December 31, 2016:

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**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

	<b>Swap Notional Amount</b>	<b>Net Interest Rate Swap Payments</b>	<b>Bank Interest Payments</b>	<b>Total</b>
December 31, 2017	\$ 3,000,000	\$ 323,966	\$ 1,270,518	\$ 4,594,484
December 31, 2018	3,140,000	305,747	1,199,067	4,644,814
December 31, 2019	3,290,000	286,678	1,124,281	4,700,959
December 31, 2020	3,440,000	266,698	1,045,924	4,752,622
December 31, 2021	3,600,000	245,806	963,993	4,809,799
December 31, 2022	3,760,000	223,943	878,252	4,862,195
December 31, 2023	3,925,000	201,109	788,700	4,914,809
December 31, 2024	4,095,000	177,272	695,218	4,967,490
December 31, 2025	4,275,000	152,403	597,688	5,025,091
December 31, 2026	4,275,000	126,441	495,870	4,897,311
December 31, 2027	4,105,000	100,478	394,052	4,599,530
December 31, 2028	4,410,000	75,549	296,283	4,781,832
December 31, 2029	5,095,000	48,767	191,251	5,335,018
December 31, 2030	2,935,000	17,824	69,903	3,022,727
	<u>\$ 53,345,000</u>	<u>\$ 2,552,681</u>	<u>\$ 10,011,000</u>	<u>\$ 65,908,681</u>

Payments on the 2016 Senior Loan and the Swap are calculated using interest rates in effect on December 31, 2016.

The following is a summary of the effective interest rate calculation on the Authority's Swap Agreement for the year ended December 31, 2016:

	<u>Counterparty Swap Payment</u>			<u>Interest Payments to</u>	<u>Total</u>	<u>Actual</u>
	<u>To</u>	<u>From</u>	<u>Net</u>	<u>Bank</u>	<u>Payments</u>	<u>Synthetic Rate</u>
December 31, 2016	<del>\$ 215,756</del>	<del>\$ 76,654</del>	<del>\$ 139,103</del>	<del>\$ 466,499</del>	<del>\$ 605,602</del>	2.9947%
Total	<u>\$ 215,756</u>	<u>\$ 76,654</u>	<u>\$ 139,103</u>	<u>\$ 466,499</u>	<u>\$ 605,602</u>	

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The following is a summary of the Authority's derivative for the year ended December 31, 2016:

	Net Change in Fair Value		Fair Value at December 31, 2016	
	Classification	Amount	Classification	Amount
Governmental Activities:	Deferred inflow	\$ 1,522,750	Asset	\$ 1,522,750

The basic terms and parties to the Swap are listed below:

31, Counterparty	Trade Date	Effective Date	Original Notional Amount	Termi- nation Date	Optional Termination Date	Associated Payable Debt Series	Swap Rate	Variable Receivable Swap Rate	Fair Value at December 2016
US Bank National Assoc.	8/24/2016	8/24/2016	\$ 5,600,000	12/1/2030	8/24/2026	2016 Senior Loan	1.1045%	70% 1-month LIBOR	\$ 1,522,750

The year-end fair values were calculated using the mid-market LIBOR valuations as of December 31, 2016. As of this date, the 70% of 1-month LIBOR Index rate was 0.43170%. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2016.

When the present value of payments to be made by the Authority exceeds the present value of payments to be received, the Swap has a negative value to the Authority. When the present value of payments to be received by the Authority exceeds that of payments to be made, the Swap has a positive value to the Authority.

The following risks are generally associated with the Swap:

**Credit Risk**

The Swap relies upon the performance of the Swap counterparty. The Authority is exposed to the risk of this counterparty being unable to fulfill its financial obligation to the Authority. The Authority measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the Swap. As of December 31, 2016, there was no risk of loss as the fair value of the Swap was positive. The ratings of the counterparty as of December 31, 2016, are as follows:

<b>Counterparty</b>	<b>Ratings of Counterparty</b>
US Bank National Association	<b>Moody's</b> Aa2



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**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Termination Risk**

Either party to the Swap may terminate the Swap if the other party fails to perform under the terms of the agreement. Further, certain credit or tax events can lead to a termination event under the Swap. If the Swap has a negative fair value at the time of the termination, the Authority could be liable to the counterparty for a payment equal to the Swap's fair value. If the Swap is terminated the associated variable rate loan would no longer be hedged with a synthetic fixed interest rate. The Authority is not aware of any existing event that would lead to a termination with respect to the Swap.

**Refunding**

In addition to the above bond and loan issues, other bonds previously issued by the Authority have been defeased (debt legally satisfied) by the issuance of the refunding 2016 Senior Loan and the 2016 Subordinate Bonds. The balance of the Authority's defeased bonds outstanding at December 31, 2016 was \$49,289,008.

On August 24, 2016, the Authority advance refunded and defeased (debt legally satisfied) \$42,075,000 of Series 2008A Senior Special Revenue Bonds with an interest rate of 7.0% and \$7,435,000 of Series 2008B Subordinate Special Revenue Bonds with an interest rate of 7.5% by the issuance of \$56,000,000 Senior Loan, Series 2016A dated August 24, 2016 with a variable interest rate Swap agreement and the \$5,879,000 Subordinate Tax Increment Revenue Bonds, Series 2016B with an average interest rate of 6.75%. The Authority advance refunded the 2008 Series Bonds to reduce its total debt service payments over the next 14.33 years by almost \$2,039,463 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt of \$5,896,567. Restrictions on the monies restricted for interest payments and the reserve accounting pertaining to the defeased bonds were removed under the new refunding. The defeased bonds are not considered a liability of the Authority since sufficient funds in the amount of \$56,725,131 were deposited with a trustee and invested in U.S. Government securities for the purpose of paying the principal and interest of the defeased bonds until the call date, at which point the bonds will be repaid in their entirety from the remaining funds in the escrow account. The bonds will be redeemed on December 1, 2017.

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$6,388,064, which has been deferred and is being amortized over the life of the new debt.

**NOTE 5 - NET POSITION**

The Authority has net position consisting of two components - restricted and unrestricted.

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Restricted net position include 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 Authority had restricted net position as of December 31, 2016, as follows:

**NOTE 5 - NET POSITION (CONTINUED)**

	<b>Governmental Activities</b>
Restricted net position:	
Debt service	\$ 1,126,578
Capital Projects Fund reserve	<u>8,079,808</u>
Total restricted net position	<u>\$ 9,206,386</u>

The Authority's has a deficit in unrestricted net position. This deficit amount is a result of the Authority being responsible for the repayment of bonds issued for public improvements which will be conveyed to the City and which costs will be removed from the Authority's financial records.

**NOTE 6 - FUND BALANCES**

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	<b>General Fund</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Prepaid amounts	<u>\$ 7,420</u>	\$ -	\$ -	<u>\$ 7,420</u>
<b>Restricted for:</b>				
North Nevada Debt Service	-	4,616,039	-	4,616,039
Ivywild Neighborhood Debt Service	-	15,739	-	15,739
Vineyards Project Area	-	-	53,552	53,552

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
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Gold Hill Mesa Project Area	-	-	325	325
City Gate Project Area	-	-	105	105
Copper Ridge Project Area	-	-	2,440,572	2,440,572
Southwest Downtown Project Area	-	-	11,780	11,780
City for Champions - Admin	-	-	18,742	18,742
US Olympic Museum and Hall of Fame	-	-	2,332,988	2,332,988
Colorado Sports and Event Complex	-	-	1,277,587	1,277,587
UCCS Sports Medicine and Performance	-	-	777,663	777,663
US Air Force Academy Visitors Center	-	-	277,737	277,737
Champions Flexible Sub-Account	-	-	<u>888,757</u>	<u>888,757</u>
	<u>-</u>	<u>4,631,778</u>	<u>8,079,808</u>	<u>12,711,586</u>
<b>Unassigned:</b>				
General government	<u>417,821</u>	<u>-</u>	<u>-</u>	<u>417,821</u>
<b>Total fund balances</b>	<u>\$ 4,252,411</u>	<u>\$ 4,631,778</u>	<u>\$ 8,079,808</u>	<u>\$ 13,136,827</u>

**NOTE 7 - INTERGOVERNMENTAL AGREEMENTS**

**Copper Ridge Redevelopment Agreement**

On September 25, 2013, the Authority entered into an Urban Renewal Agreement for Redevelopment of Copper Ridge at Northgate Property (Agreement) with Copper Ridge Development, Inc. (Developer) and Copper Ridge Metropolitan District (District). The purposes of this agreement are to renew and improve the environment, enhance the current sales tax base and property tax base, effectively use undeveloped land and promote improved traffic, public transportation, public utilities and community facilities within the Project Area. In order to facilitate the funding by the District, the Authority agrees to remit, on a monthly basis, all District Property Tax Increment Revenues, to the extent the Authority receives the same from the County. The District agrees to use all District Property Tax Increment Revenues to fund costs related to the redevelopment of the Project Area, as described in further detail in the Cooperation Agreement.

Furthermore, an administrative fee in the amount of \$60,000, if not reimbursed from other sources, shall be retained annually by the Authority from District Property Tax Increment Revenues. This administrative fee will remain in effect until the earlier of the expiration of the Urban Renewal Plan in 2035 or the retirement of all obligations payable by the pledged revenues.

**Copper Ridge Cooperation Agreement**

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On October 22, 2013, the Authority entered into a Cooperation Agreement with the City of Colorado Springs (City) and Copper Ridge Metropolitan District (District). The Authority and the City understand that the District will issue Bonds to fund for costs related to the extension of north Powers Blvd. from Highway 83 to Interstate 25. Pursuant to the agreement, the Authority agrees to pledge Property Tax Increment Revenues and City Sales Tax Increment Revenues (Pledged Revenues) to the District, subject to funding of annual administrative fee as described in the Redevelopment Agreement. The District Bonds shall not constitute a debt, liability or obligation of any nature of the City or the Authority but shall be payable solely from Pledged Revenues.

**Colorado Springs City for Champions Project**

Pursuant to the Resolution by the Colorado Economic Development Commission Concerning the Allocation of State sales Tax increment revenue for the Colorado Springs City for Champions project, executed on November 25, 2013, the Authority is receiving 13.08% of the state sales tax increment revenue that is dedicated to the City for Champions project, subject to an aggregate cap of \$120,500,000. The Authority agrees to pledge the following minimum proportions of the dedicated revenue to each Project Element: (1) U.S. Olympic Museum and Hall of Fame: 42%, (2) Colorado Sports & Event Complex: 23%, (3) U.C.C.S. Sports Medicine and Performance Center: 14%, (4) U.S. Air Force Academy Gateway Visitor Center: 5% and (5) flexible Sub-Account: 16%. The dedicated revenue shall be deposited in the Special Fund and must be further sub-divided into four Sub-Accounts based on set percentages. Funds from the first four Sub-Accounts must be used only to pay for Eligible Costs for the Specific Project Element associated with the Sub-Account, and can't be loaned or transferred to other SubAccounts. After the commencement of substantial work for the U.S. Olympic Museum and Hall of Fame has occurred, the Authority shall pledge or allocate the funds from the flexible SubAccount to or among any Project Element, including eligible improvements to the Southwest **NOTE 7 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

Colorado Springs Downtown Infrastructure. However, not more than 6 percent of this 16 percent portion of Dedicated Revenue may be pledged or allocated to the U.S.A.F.A. Gateway Visitors Center.

The Authority shall submit written quarterly reports, detailing the progress on the Project, to the Colorado Economic Development Commission 30 calendar days after the end of each calendar quarter with the first report due January 31, 2015, with the final due date being in September in the year following the completion of the project.

**Gold Hill Mesa Commercial Cooperation Agreement**

On December 8, 2015, the City approved a Cooperation Agreement between the Authority and the City to promote redevelopment and assist with financing of public improvements for the Gold Hill Mesa Commercial Urban Renewal Project. The Gold Hill Mesa Metropolitan District No. 3 (the District) has been formed for the purposes of assisting with financing of the public improvements. The Authority and the City understand that the District may issue Bonds to fund for costs related to the project.

Pursuant to the agreement, the Authority will work with the District and the Developer to issue financial instruments to finance eligible activities, operations and duties to carry out the plan by

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
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means of tax allocation financing utilizing both Property Tax Increment Revenues and the City Sales Tax Increment Revenues (Pledged Revenues). The Pledged Revenues shall be paid to the Authority and may be pledged to the District. The District Bonds shall not constitute a debt, liability or obligation of any nature of the City or the Authority but shall be payable solely from Pledged Revenues.

**South Nevada Cooperation Agreement**

On December 8, 2015, the City approved a Cooperation Agreement between the Authority and the City to promote redevelopment and assist with financing of public improvements for the South Nevada Area Urban Renewal Project. Pursuant to the agreement, the Authority will work with owners and developers, metropolitan districts and other similar entities to issue financial instruments to finance eligible activities, operations and duties to carry out the plan by means of tax allocation financing utilizing both Property Tax Increment Revenues and the City Sales Tax Increment Revenues (Pledged Revenues). The Pledged Revenues shall be paid to the Authority when collected and may be pledged to any developer or owner or any metropolitan district or other entity.

**NOTE 8 - RISK MANAGEMENT**

The Authority 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 Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor have any claims been submitted.

**NOTE 9 - 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.

In 2002, the Colorado Court of Appeals determined that TABOR does not apply to urban renewal authorities such as the Authority. The application of TABOR to the City, however, could impact the amount of Sales Tax Revenues received by the Authority, and the application of TABOR to the School District and other local governments which overlap the Urban Renewal Area could impact the amount of Property Tax Revenues received by the Authority.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Vineyard Repayment Obligation**

On September 5, 2012, the Authority entered into a Redevelopment and Reimbursement Agreement with Vineyard LLC (the Developer) to carry out the approved urban renewal plan. This

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agreement contemplates that the Developer will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from TIF revenues. Pursuant to the agreement, the Developer may provide financing for eligible costs on public improvements. Such Developer advances bear interest at the rate of 8% per annum, accruing from the date advanced and compounded annually on the unpaid balance until paid.

Authority shall retain \$60,000 for administrative fee annually from the collection of TIF revenues. The Developer shall advance \$60,000 to the Authority for use as the first annual administrative fee. On November 4, 2013, the Authority received the first annual administrative fee in the amount of \$60,000 from the Developer. As of December 31, 2016, the outstanding principal and accrued interest owed by the Authority are \$60,000 and \$16,527, respectively.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTARY INFORMATION**

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**DEBT SERVICE FUND**  
**NORTH NEVADA PROJECT AREA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Incremental property taxes	\$ 1,329,849	\$ 1,203,856	\$ 1,203,224	\$ (632)
Incremental sales taxes	3,518,000	3,850,000	4,014,703	164,703
Net investment income	2,500	25,000	29,551	4,551
	<u>4,850,349</u>	<u>5,078,856</u>	<u>5,247,478</u>	<u>168,622</u>
<b>EXPENDITURES</b>				
Cash management fees	1,000	1,200	804	396
County Treasurer's fees	19,950	18,069	18,069	-
Bond interest - Series 2008A	2,945,250	1,472,625	1,472,625	-
Bond principal - Series 2008A	2,255,000	-	-	-
Loan interest - Series 2016A	-	466,937	466,937	-
Loan principal - Series 2016A	-	2,660,000	2,660,000	-
Bond interest - Series 2016B	-	122,357	122,357	-
Administration fees	-	250,000	250,000	-
Paying agent fees	5,500	5,500	2,750	2,750
Sales tax collection fee	1,600	1,700	1,976	(276)
Cost of issuance	-	1,711,398	1,712,898	(1,500)
Contingency	<u>102,208</u>	<u>65,083</u>	-	<u>65,083</u>
	<u>5,330,508</u>	<u>6,774,869</u>	<u>6,708,416</u>	<u>66,453</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(480,159)	(1,696,013)	(1,460,938)	235,075
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds - Series 2016A	-	56,000,000	56,000,000	-
Bond proceeds - Series 2016B	-	5,879,000	5,879,000	-
Payment to escrow account	<u>-</u>	<u>(56,725,131)</u>	<u>(56,725,131)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>5,153,869</u>	<u>5,153,869</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	(480,159)	3,457,856	3,692,931	235,075
<b>FUND BALANCES - BEGINNING OF YEAR</b>				
	<u>480,159</u>	<u>923,108</u>	<u>923,108</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>				
	<u>\$ -</u>	<u>\$ 4,380,964</u>	<u>\$ 4,616,039</u>	<u>\$ 235,075</u>



**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
 28  
**DEBT SERVICE FUND**  
**IVYWILD NEIGHBORHOOD PROJECT AREA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2016**

	<b>Original</b>	<b>Final Budget and Final</b>	<b>Variance with</b>
	<b>Budget</b>	<b>Amounts</b>	<b>Actual</b>
	<b>(Budget</b>	<b>Amounts</b>	<b>Positive</b>
	<b>)</b>	<b>)</b>	<b>(Negative)</b>
	<b>)</b>	<b>)</b>	<b>(Negative)</b>
<b>REVENUES</b>			
Incremental property taxes	\$ 93,863	\$ 90,074	\$ (3,789)
Incremental sales taxes	58,050	46,797	(11,253)
Net investment income	-	1,395	1,395
	<u>151,913</u>	<u>138,266</u>	<u>(13,647)</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
County Treasurer's fees	1,411	1,372	39
Administration fees	24,051	32,323	(8,272)
Loan interest - Ivywild	126,251	96,462	29,789
Sales tax collection fee	200	148	52
<b>Total expenditures</b>	<u>151,913</u>	<u>130,305</u>	<u>21,608</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	7,961	7,961
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	7,778	7,778
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 15,739</u>	<u>\$ 15,739</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
VINEYARDS PROJECT AREA**

**FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	Original Budget	Final Budget and Final Amounts	Variance with Actual Positive (Negative)
<b>REVENUES</b>			
Incremental property taxes	\$ 76,643	\$ 75,729	\$ (914)
Total revenues	<u>76,643</u>	<u>75,729</u>	<u>(914)</u>
<b>EXPENDITURES</b>			
General			
County Treasurer's fees	1,150	1,136	14
Administration fees	60,000	60,000	-
Contingency	<u>15,493</u>	<u>-</u>	<u>15,493</u>
Total expenditures	<u>76,643</u>	<u>61,136</u>	<u>15,507</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND**

<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN</b>			
<b>NET CHANGE IN FUND BALANCES</b>	-	14,593	14,593
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	38,959	38,959
		38,959	
<b>FUND BALANCES - END OF YEAR GOLD HILL MESA PROJECT AREA</b>	<u>\$ -</u>	<u>\$ 53,552</u>	<u>\$ 53,552</u>

**FUND BALANCES - BUDGET AND ACTUAL**

Year Ended December 31, 2016

<b>REVENUES</b>	<b>FUND BALANCES - BEGINNING OF YEAR</b>		
Incremental property taxes			
Net investment income			
Total revenues			
<b>EXPENDITURES</b>	<b>FUND BALANCES - END OF YEAR</b>		
General	<b>Original Positive Budget</b>	<b>Final Budget and Final Actual Amounts</b>	<b>Variance with (Negative)</b>
County Treasurer's fees			
Administration fees			
TIF reimbursement			
TIF reimbursement - School District 11			
Total expenditures	\$ 621,202	\$ 605,369	\$ ( 15,833)
<b>NET CHANGE IN FUND BALANCES</b>	-	841	841

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY CAPITAL  
PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**

<u>621,202</u>	<u>606,210</u>		<u>621,202</u>	<u>605,885</u>	<u>15,317</u>
		<u>(14,992)</u>	-	325	325
9,320	9,093	227			
50,000	50,000	-	-	-	-
529,283	514,000	15,283			
<u>32,599</u>	<u>32,792</u>		<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 325</u>
		<u>(193)</u>			

**CITY AUDITORIUM PROJECT AREA**

**FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original Budget</b>	<b>Final Budget and Final Amounts</b>	<b>Variance with Actual Positive (Negative)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>19,627</u>	<u>19,006</u>	<u>(621)</u>
<b>EXPENDITURES</b>			
General			
County Treasurer's fees	290	285	5
Administration fees	<u>19,337</u>	<u>18,721</u>	<u>616</u>
Total expenditures	<u>19,627</u>	<u>19,006</u>	<u>621</u>
<b>REVENUES</b>			
Incremental property taxes	\$ 19,627	\$ 18,949	\$ (678)
Net investment income	-	57	57
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY CAPITAL  
PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**

**FUND BALANCES - END OF YEAR**                    \$ -      \$ -      \$ - **CITY**  
**GATE PROJECT AREA**

**FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original</b>	<b>Final Budget and Final</b>	<b>Variance with</b>
	<b>Budget</b>	<b>Amounts</b>	<b>Actual</b>
			<b>Positive</b>
			<b>(Negative)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Incremental property taxes	\$ 6,695	\$ 6,445	\$ (250)
Net investment income	-	10	10
	<u>6,695</u>	<u>6,455</u>	
Total revenues			<u>(240)</u>
<b>EXPENDITURES</b>			
General			
County Treasurer's fees	100	97	3
Administration fees	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>10,100</u>	<u>10,097</u>	<u>3</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,405)	(3,642)	(237)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	5,761	3,747	(2,014)

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY CAPITAL  
PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**

<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,356</u>	<u>\$ 105</u>	<u>\$ (2,251)</u>
<b>COPPER RIDGE PROJECT AREA</b>			

**FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original Budget</b>	<b>Final Budget and Final Amounts</b>	<b>Variance with Actual Positive (Negative)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>3,010,500</u>	<u>1,816,798</u>	<u>(1,193,702)</u>
<b>EXPENDITURES</b>			
General			
County Treasurer's fees	20,210	20,185	25
Administration fees	60,000	60,000	-
Capital expenditures	800,000	333,853	466,147
TIF reimbursement	274,918	274,503	415
Sales tax collection fee	1,720	615	1,105
Contingency	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<b>REVENUES</b>			
Incremental property taxes	\$ 1,347,354	\$ 1,344,695	\$ (2,659)
Incremental sales taxes	1,662,996	471,103	(1,191,893)

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY CAPITAL  
PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**

Net investment income	150	1,000	850
Total expenditures	<u>2,156,848</u>	<u>689,156</u>	<u>1,467,692</u>
<b>NET CHANGE IN FUND BALANCES</b>	853,652	1,127,642	273,990
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,402,671	1,312,930	<u>(89,741)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 2,256,323</u></u>	<u><u>\$ 2,440,572</u></u>	<u><u>\$ 184,249</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND  
SOUTHWEST DOWNTOWN PROJECT AREA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original Budget</b>	<b>Final Budget and Final Amounts</b>	<b>Variance with Actual Positive (Negative)</b>
Total revenues	<u>7,947</u>	<u>7,611</u>	<u>(336)</u>
<b>EXPENDITURES</b>			
General			
County Treasurer's fees	<u>120</u>	<u>114</u>	<u>6</u>
Total expenditures	<u>120</u>	<u>114</u>	<u>6</u>
<b>REVENUES</b>			
Incremental property taxes	\$ 7,947	\$ 7,611	\$ (336)
<b>NET CHANGE IN FUND BALANCES</b>	<u>7,827</u>	<u>7,497</u>	<u>(330)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,284</u>	<u>4,283</u>	<u>(1)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 12,111</u></u>	<u><u>\$ 11,780</u></u>	<u><u>\$ (331)</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND  
SOUTH NEVADA PROJECT AREA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**



**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**

	<b>Original Budget</b>	<b>Final Budget and Actuals</b>	<b>Variance with Final Actual Positive (Negative)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Incremental property taxes	\$ 53,000	\$ -	\$ (53,000)
Total revenues	<u>53,000</u>	<u>-</u>	<u>(53,000)</u>
<b>EXPENDITURES</b>			
General			
Contingency	<u>53,000</u>	<u>-</u>	<u>53,000</u>
Total expenditures	<u>53,000</u>	<u>-</u>	<u>53,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CAPITAL PROJECTS FUND  
CITY FOR CHAMPIONS - ADMIN  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original</b>	<b>Final Budget and Final Actual</b>	<b>Variance with Final Actual Positive</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>4,247,388</u>	<u>2,729,235</u>	<u>(1,518,153)</u>
<b>EXPENDITURES</b>			
General			

Administrative expenditures	15,000	2,580	12,420
Audit	2,500	2,355	145
Consulting services	40,000	5,909	34,091
CSEC expenses	-	856	(856)
Legal - projects	15,000	-	15,000
Miscellaneous	2,500	-	2,500
Project management	60,000	8,935	51,065
Services - general	5,000	-	5,000
USOM expenses	-	<u>15,213</u>	<u>(15,213)</u>
	<b>Budget</b>	<b>Amounts</b>	<b>(Negative)</b>
<hr/>			
<b>REVENUES</b>			
Incremental sales taxes	\$ 4,246,388	\$ 2,726,156	\$ (1,520,232)
Net investment income	1,000	3,079	2,079
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>140,000</u>	<u>35,848</u>	<u>104,152</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	4,107,388	2,693,387	(1,414,001)
<hr/>			
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(4,107,388)	(2,676,156)	1,431,232
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<u>( 4,107,388)</u>	<u>(2,676,156)</u>	<u>1,431,232</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	17,231	17,231
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	1,511	1,511

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY

	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 18,742</u>	<u>\$ 18,742</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND  
US OLYMPIC MUSEUM AND HALL OF FAME PROJECT AREA - 42%  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	Original Budget	Final Amounts	Variance with Budget and Final Actual Positive (Negative)
<b>REVENUES</b>			
Net investment income \$	-	-	-
<b>Total revenues</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES</b>			
General			
Bond interest	625,000	-	625,000
Bond issue costs	500,000	-	500,000
Legal - projects	10,000	-	10,000
Capital outlay	22,000,000	-	22,000,000
Contingency	<u>531,602</u>	-	<u>531,602</u>
<b>Total expenditures</b>	<u>23,666,602</u>	<u>                    </u>	<u>23,666,602</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	(23,666,602)	-	23,666,602
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond issuance	25,000,000	-	(25,000,000)
Transfers in - sales tax allocation	1,725,103	1,123,985	(601,118)
<b>Total other financing sources (uses)</b>	<u>2,672,513</u>	<u>1,123,985</u>	<u>(25,601,118)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,058,501	1,123,985	(1,934,516)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>441,499</u>	<u>1,209,003</u>	<u>767,504</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,500,000</u>	<u>\$ 2,332,988</u>	<u>\$ (1,167,012)</u>

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND**

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**COLORADO SPORTS AND EVENT COMPLEX PROJECT AREA - 23%  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original</b>	<b>Final Budget and Final</b>	<b>Variance with</b>
	<b>Budget</b>	<b>Amounts</b>	<b>Actual Positive</b>
			<b>(Negative)</b>
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
General			
Contingency	<u>100,000</u>	-	<u>100,000</u>
Total expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>EXCESS OF REVENUES OVER</b>			
<b>(UNDER) EXPENDITURES</b>	(100,000)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in - sales tax allocation	944,699	615,516	(329,183)
Total other financing sources (uses)	<u>944,699</u>	<u>615,516</u>	<u>(329,183)</u>
<b>NET CHANGE IN FUND BALANCES</b>	844,699	615,516	(229,183)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>245,059</u>	<u>662,071</u>	417,012
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,089,758</u>	<u>\$ 1,277,587</u>	<u>\$ 187,829</u> <b>UCCS</b>

**SPORTS MEDICINE AND PERFORMANCE PROJECT AREA - 14%  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

Variance with

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND**

	Original Budget	Final Budget and Final Actual Positive	Final Actual Positive (Negative)
	<u>Budget</u>	<u>Amounts</u>	<u>(Negative)</u>
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
General			
Legal - projects	10,000	-	10,000
Contingency	<u>100,000</u>	-	<u>100,000</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(110,000)	-	110,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in - sales tax allocation	575,034	374,662	(200,372)
Total other financing sources (uses)	<u>575,034</u>	<u>374,662</u>	<u>(200,372)</u>
<b>NET CHANGE IN FUND BALANCES</b>	465,034	374,662	(90,372)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>143,166</u>	<u>403,001</u>	<u>259,835</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 608,200</u>	<u>\$ 777,663</u>	<u>\$ 169,463</u> <b>US</b>

**AIR FORCE ACADEMY VISITORS CENTER PROJECT AREA - 5%**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	Original Budget	Final Budget and Final Actual Positive	Variance with Final Budget and Final Actual Positive (Negative)
	<u>Budget</u>	<u>Amounts</u>	<u>(Negative)</u>
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND**

**EXPENDITURES**

General			
Legal - projects	10,000	-	10,000
Contingency	<u>100,000</u>	-	<u>100,000</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>

**EXCESS OF REVENUES OVER**

<b>(UNDER) EXPENDITURES</b>	(110,000)	-	110,000
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**OTHER FINANCING SOURCES (USES)**

Transfers in - sales tax allocation	205,370	133,808	(71,562)
Total other financing sources (uses)	<u>205,370</u>	<u>133,808</u>	<u>(71,562)</u>

**NET CHANGE IN FUND BALANCES**

	95,370	133,808	38,438
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**FUND BALANCES - BEGINNING  
OF YEAR**

	<u>52,274</u>	<u>143,929</u>	<u>91,655</u>
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**FUND BALANCES - END OF YEAR**      \$ 147,644      \$ 277,737      \$ 130,093

**CHAMPIONS FLEXIBLE SUB-ACCOUNT - 16%**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	Original Budget	Final Amounts	Variance with Final Budget and Final Actual Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
General			
Legal - projects	10,000	-	10,000
Contingency	<u>100,000</u>	-	<u>100,000</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND  
EXCESS OF REVENUES OVER**

<b>(UNDER) EXPENDITURES</b>	(110,000)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in - sales tax allocation	657,182	428,185	(228,997)
Total other financing sources (uses)	<u>657,182</u>	<u>428,185</u>	<u>(228,997)</u>
<b>NET CHANGE IN FUND BALANCES</b>	547,182	428,185	(118,997)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>170,476</u>	<u>460,572</u>	<u>290,096</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 717,658</u></u>	<u><u>\$ 888,757</u></u>	<u><u>\$ 171,099</u></u>





**OTHER INFORMATION**

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**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
NORTH NEVADA URBAN RENEWAL PROJECT AREA  
SUMMARY OF INCREMENTAL ASSESSED VALUATION,  
MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED  
December 31, 2016**

**Prior Year Assessed Valuation for  
Current Year Property Tax Levy**

	<u>Total</u>	<u>Less:</u>	<u>Net</u>	<u>Combined</u>	<u>Total Incremental</u>	<u>Percentage</u>
<b>Year Ended Assessed Base Increment Mills Property Taxes Collected <u>December 31, Valuation Valuation Valuation Levied Collected to Levied</u></b>						
2012	\$ 19,283,720	\$ 5,181,210	\$ 14,102,510	60.826	\$ 857,799	\$ 856,474 99.85%
2013	\$ 19,837,900	\$ 5,179,055	\$ 14,658,845	60.331	\$ 884,383	\$ 889,676 100.60%

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

2014	\$ 21,517,500	\$ 5,197,553	\$ 16,319,947	61.201	\$ 998,798	\$ 983,104	98.43%	2015	\$
	21,443,707	\$ 5,123,760	\$ 16,319,947	63.793	\$ 1,041,098	\$ 1,027,472	98.69%	2016	\$
	26,030,930	\$ 5,184,582	\$ 20,846,348	57.749	\$ 1,203,856	\$ 1,203,224	99.95%		

Estimated for  
the year ending  
December 31,

2017	\$ 30,834,817	\$ 5,180,790	\$ 25,654,027	57.973	\$ 1,487,241				
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Incremental property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the year of levy if delinquent taxes are collected. County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
IVYWILD NEIGHBORHOOD URBAN RENEWAL PROJECT AREA  
SUMMARY OF INCREMENTAL ASSESSED VALUATION,  
MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED  
December 31, 2016**

**Prior Year Assessed Valuation for  
Current Year Property Tax Levy**

<b>Total Less: Net Combined Total Incremental Percentage Year Ended Assessed Base Increment Mills</b>									
<b>Property Taxes Collected</b>									
<b>December 31,</b>	<b>Valuation</b>	<b>Valuation</b>	<b>Valuation</b>	<b>Levied</b>	<b>Levied</b>	<b>Collected</b>	<b>to Levied</b>		
2013	\$ 630,030	\$ 434,753	\$ 195,277	60.340	\$ 11,783	\$ 13,080	111.01%	2014	\$
	803,710	\$ 429,896	\$ 373,814	61.196	\$ 22,876	\$ 22,876	100.00%		
2015	\$ 1,636,240	\$ 429,900	\$ 1,206,340	60.174	\$ 72,591	\$ 72,288	99.58%		
2016	\$ 1,988,640	\$ 428,815	\$ 1,559,825	57.749	\$ 90,078	\$ 90,074	99.99%		

Estimated for the  
year ending  
December 31,

2017	\$ 2,005,569	\$ 428,810	\$ 1,576,759	58.247	\$ 91,842				
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Incremental property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the year of levy if delinquent taxes are collected. County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
NORTH NEVADA URBAN RENEWAL PROJECT AREA  
SUMMARY OF INCREMENTAL SALES AND USE  
TAXES COLLECTED  
December 31, 2016**

<b>Year Ended December 31,</b>	<b>Sales Tax Collection</b>	<b>Use Tax Collection</b>	<b>Adjustments Amendments Audits</b>	<b>(Less) Base Amount</b>	<b>Total Incremental Sales and Use Taxes</b>
2012	\$ 2,762,099	\$ 28,278	\$ 7,560	\$ (375,603)	\$ 2,422,334
2013	\$ 3,223,810	\$ 35,149	\$ 41,671	\$ (375,603)	\$ 2,925,027
2014	\$ 3,493,576	\$ 29,387	\$ 42,130	\$ (375,603)	\$ 3,189,490
2015	\$ 4,092,394	\$ 22,144	\$ 43,479	\$ (375,603)	\$ 3,782,414
2016	\$ 4,337,879	\$ 28,691	\$ 23,736	\$ (375,603)	\$ 4,014,703

Estimated for  
the year ending  
December 31,  
2017

\$ 4,043,000

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected.

**IVYWILD NEIGHBORHOOD URBAN RENEWAL PROJECT AREA  
SUMMARY OF INCREMENTAL SALES AND USE  
TAXES COLLECTED**

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY  
December 31, 2016**

<b>Year Ended December 31,</b>	<b>Sales Tax Collection</b>	<b>Use Tax Collection</b>	<b>Adjustments Amendments Audits</b>	<b>(Less) Base Amount</b>	<b>Total Incremental Sales and Use Taxes</b>
2013	\$ 66,535	\$ 204	\$ 282	\$ (62,963)	\$ 4,058
2014	\$ 94,285	\$ 947	\$ 738	\$ (62,963)	\$ 33,007
2015	\$ 93,884	\$ -	\$ 9,615	\$ (62,963)	\$ 40,536
2016	\$ 107,164	\$ 2,596	\$ -	\$ (62,963)	\$ 46,797

Estimated for  
the year ending  
December 31,  
2017

\$ 42,000

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected.

**COPPER RIDGE URBAN RENEWAL PROJECT AREA  
SUMMARY OF INCREMENTAL SALES AND USE  
TAXES COLLECTED  
December 31, 2016**

<b>Sales</b>	<b>Use</b>	<b>Adjustments</b>	<b>(Less)</b>	<b>Total Incremental</b>
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**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**

<b>Year Ended December 31,</b>	<b>Tax Collection</b>	<b>Tax Collection</b>	<b>Amendments Audits</b>	<b>Base Amount</b>	<b>Sales and Use Taxes</b>
2013	\$ 76,806	\$ -	\$ -	\$ (30,272)	\$ 46,534
2014	\$ 336,095	\$ -	\$ -	\$ (30,272)	\$ 305,823
2015	\$ 403,557	\$ -	\$ -	\$ (30,272)	\$ 373,285
2016	\$ 501,375	\$ -	\$ -	\$ (30,272)	\$ 471,103

Estimated for  
the year ending  
December 31,  
2017

\$ 448,400

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected.

**CITY FOR CHAMPIONS  
SUMMARY OF INCREMENTAL SALES AND USE  
TAXES COLLECTED  
December 31, 2016**

<b>Year Ended December 31,</b>	<b>Sales Tax Collection</b>	<b>Adjustments Amendments Audits</b>	<b>Total Incremental Sales and Use Taxes</b>
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**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**

2014 \$	760,632 \$	- \$	760,632	2015 \$	2,167,944 \$
- \$	2,167,944	2016 \$	2,726,156 \$	- \$	2,726,156

Estimated for  
the year ending  
December 31,  
2017

\$ 7,339,469